

December

1918

THE

# NATION'S BUSINESS



*from*  
**WAR**  
*to*  
**PEACE**

HARRY A. WHEELER  
GEORGE E. ROBERTS  
HERBERT S. HOUSTON

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# IN THIS NUMBER

## A Foreword By The Editor

**I**N its hour of peril business men flocked to Washington to help the Government.

Without uniforms, unannounced and unaccompanied by the blare of trumpets they came quietly and served.

Many sacrificed their business and, had they been acceptable for military service, would have as willingly yielded up their lives.

These men operated effectively a hastily thrown together war machine.

Patriotism? Of a quality unquestioned!

**P**ROBLEMS of war, difficult as they are, converged upon a single military end and were met by a cohesive power of patriotism.

Problems of reconstruction diverge into a myriad of intricate ramifications and must, in the nature of things, be met in a maze of conflicting ideas.

To lose the national services of these industrial leaders in this hour of tremendous import would be a calamity.

Where, then, is the higher patriotism?

<b>Industry's Congress for Reconstruction</b> .....	<b>By Harry A. Wheeler</b>	<b>Page 9</b>
How to seize upon the wisdom of America's business leaders in these momentous hours. Not Congress, or administrative war machinery. The adopted program is given in our leading article.		
<b>A Key To Our Industrial Future</b> .....	<b>By Thomas H. Uzzell</b>	<b>Page 11</b>
The new industrial age will belong to applied science. Applying science to shops, mines and factories is the specialty of the Bureau of Standards, whose work is here described.		
<b>Senate Retouching Revenue Bill</b> .....		<b>Page 12</b>
<b>Reconstruction: A Starting Point</b> .....	<b>By George E. Roberts</b>	<b>Page 13</b>
Minds which can bring order out of the chaos of today are much valued. Such a one is possessed by George E. Roberts, Assistant to the President of the National City Bank, New York City.		
<b>The Federal Trade Triumvirate</b> .....	<b>By James B. Morrow</b>	<b>Page 14</b>
A pleasant discussion by Mr. Morrow of the three chiefs of the Federal Trade Commission who have styled themselves the traffic policemen of American commerce and industry.		
<b>Exit Wars—A Business Proposition</b> .....	<b>By Herbert S. Houston</b>	<b>Page 16</b>
<b>Unified Command of Nation's Money</b> .....	<b>By W. F. Willoughby</b>	<b>Page 18</b>
A needed government change is a national budget. War has taught us to hate scattered prices, waste—shall we continue to allow an unbusiness-like expenditure of the country's funds?		
<b>Editorials</b> .....		<b>Page 20</b>
<b>A Cure For Scientific Management</b> .....	<b>By Robert B. Wolf</b>	<b>Page 22</b>
"No piece-work, no bonuses, no motion analyses can solve the labor question," says the author of this article. He outlines a radical, if not a revolutionary, solution. He opens a new field.		
<b>Business Conditions and Armistice Crisis</b> .....	<b>By Archer Wall Douglas</b>	<b>Page 24</b>
<b>Getting Work and Worker Together</b> .....	<b>By Otto M. Eidlitz</b>	<b>Page 29</b>
Although it designs cottages, shifts whole populations, and builds towns, the U. S. Housing Corporation performs other services even more fundamentally constructive for peace time.		
<b>Little Stories of the Nation's Business</b> .....		<b>Page 32</b>



## THE NATION'S BUSINESS

*Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.*

MERLE THORPE, Editor

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber, its Board of Directors and Committees. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinions to which expression is given.

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## Small Increments—Huge Aggregate



If the entire sum of Two Billion Dollars comprehended in the Government War Savings Stamps plan consisted entirely of 25-cent coins, and these coins were laid in an East and West straight line, touching each other, the line would reach nearly 5 times around the earth's surface at the equator. Thus there would be formed 5 silver bands encircling the earth, running over 120,000 miles of valley, plain, mountain and sea. Five years hence, Uncle Sam will unwind these silver bands, break them up, and redistribute the coins with interest to patriotic purchasers of War Savings Stamps.

The throbbing sound one hears from the locomotive upon alighting from the train at his destination, reminding him of the panting of the thoroughbred at the race's finish, is produced by the air compressor ramming up numerous small increments of pressure for the air brake. These small increments bulk large in the aggregate; in fact, they constitute a powerful force which will bring a modern passenger train to a standstill in 1000 feet from a speed of 60 miles per hour. This same force, if exerted by a modern gun, would hurl a 1000 lb. shell a distance of 24 miles.



*Brake Building Our Business for a Lifetime*

# Westinghouse Air Brake Co.

Pittsburgh, Penn'a.





# War Contracts Cancelled?

**H**AS your business some unfinished war contracts?

Are you anxious about the financial results of possible cancellations?

Probably your contracts provide clauses for adjustments in case of cancellation, and there is little doubt that the government officials will be prepared to give a square deal to manufacturers who can present the necessary information.

But there is the rub, for how many manufacturers are prepared with the information necessary for a proper settlement? Are your cost and production records in shape so that you can *prove* your point conclusively, especially in regard to such matters as overhead or burden, and the effect on these indirect costs of returning to a normal work day, and cutting down the volume of your output?

Our firm has had a broad experience with government contracts, and as we have specialized on problems of overhead or burden, we believe that our services will be particularly valuable to manufacturers in connection with adjustments of this kind.

For further information write to our nearest office.



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Boston, 110 State Street  
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Chicago, 10 South La Salle Street





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Roadway at Spring Park, Minn.  
Treated with "Tarvia-B" by Minneapolis Auto Club

## No Road is better than its Curves—

When swift and heavy automobiles sweep around the bend of an ordinary macadam road the tires slip sidewise—not enough to skid, to be sure, but enough to rub and rasp the brittle macadam until the stones loosen and the surface ravel.

*No road is better than its curves*

The curves are always the first spots in a road that need repair.

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*Illustrated booklet describing the various Tarvia treatments free on request.*

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Roadway in the Pringle Estate, Ipswich, Mass.  
Treated with "Tarvia-B" in 1916



# THE NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 6, NUMBER 12

WASHINGTON, DECEMBER, 1918

## Industry's Congress for Reconstruction

By HARRY A. WHEELER

*President of the Chamber of Commerce of the United States*

TO throw back into gear the peace-time machinery of the nation, to shift from war's abnormal conditions without slowing down the commerce and industry upon which our own well-being and literally that of the entire world is dependent, is the task that confronts America today. Tap any intelligent man on the shoulder and you will find this problem uppermost in his thoughts.

The planning for this period of transition should be done by industry. Therefore, unusual significance is attached to the announcement that 2,500 accredited representatives, leaders of 350 or more industries, industries ranging from men's straw hats to agricultural machinery, from flavoring extracts to steam shovels, from baby carriages to railway cars, from cotton threads to chemicals, from gas ranges to printing presses, are about to consider together how best to meet the demands of a world involved in the processes of reconstruction.

The dominant strength of the industrial forces of the country will be represented when these business men sit in council at Atlantic City, December 4, 5 and 6.

The conferece brings together the country's industrial war service committees which comprise the men who in co-operation with the Government turned our peace-time industries to war work. This new and singularly powerful association is composed of the expert men, the leaders of the nation's industrial life, chosen by vote even to the smallest units of industry. As spokesmen possessing the broadest powers they speak with

authority for their crafts and meet to bring out of the welter of after-the-war suggestions constructive and workable plans of industrial readjustment.

Formed by the Chamber of Commerce of the United States the units of this congress have been industry's war contact with the Government.

At first only industries capable of producing war material or susceptible of conversion to war work were brought into this organization. But when the Govern-



Illustration by R. L. Lambdin



ment demanded more complete representation of industry as a whole, non-war industries were called in similarly. This organization of war industries and of non-war industries—and the last named have in the main offered themselves for even greater sacrifices than the first—has furnished the machinery by which the Government in stimulating war production has put into operation measures of conserving raw materials and of saving labor and transportation to the end of waging war most efficiently and of maintaining plant organizations on which to build a new industrial structure with the end of the conflict.

This, then, is the group of men to whom American industries have given the assignment to decide in their name what shall be done with respect to the future, always keeping in mind the well being of the entire nation.

It is a logical step that after the creation of this great expert body there should be generated the idea of so federating them that they can make a comprehensive and accurate study of the burden of readjustment and through such consideration of the problems that can be seen at this time prepare for reorganization of the country's industrial life.

Interest in reconstruction awakened much later in the United States than in Europe. During her four years of travail the European countries have had time to ponder these things and, too, perhaps a more moving reason is the fact that the war has brought to all the nations of Europe more fundamental changes, social, political and economic, than it has in America.

But what does reconstruction mean? The word is on every tongue but most of the definitions have been general and many of the expressions heard have been hazy in the extreme. Industry's job is to ascertain what reconstruction means as it relates to economic questions because in the United States reconstruction is very largely an economic and industrial question. There are few vexatious political questions to solve here as in Europe. List the concrete problems and see just how many of them are for business. Take these:

1 Reconversion; 2 Industrial relations; 3 After-the-war finance; 4 Continuation of Government control as affecting (a) food and fuel; (b) priorities; (c) exports and imports; (d) railroads; (e) shipping; (f) price fixing; 5 Demobilization.

### First Comes Reconversion

**R**ECONVERSION presents one of the first questions that will have to be worked out. An impressively large percentage of the country's manufacturing plants are engaged directly in war work.

These plants must go back to peace-time production. Shall they be left to find their way back as best they can or must the best minds of the country help devise a way? Shall war contracts be cancelled wholesale?

### Substitute For War Spirit Wanted

**T**HESE and other like questions are troubling business today. The difficulties of reconversion, it requires no great powers of discernment to see, will prove as great or greater than conversion. There will be absent the cohesive power of patriotism that has inspired industrial leaders to co-operate in the fullest manner

sympathetic and cooperative system in dealing with the factor of labor, the war will have given us by-product advantages which never could have been acquired under the highly competitive conditions of peace.

What part is the Government to play in reconversion? Officials and business men who are studying this question believe that financial aid will be necessary, that use must be made of the mass of information gathered by Government experts, that the great laboratories of the Bureau of Standards must be kept open, that some such agency as the War Industries Board must be maintained to guide and counsel business and that other agencies of the Government must turn their attention to the subject.

In the War Industries Board divisions that have been built up to assist in conversion would be of inestimable value in working out plans of reconversion. Take the regional system under which there have been established throughout the country miniature War Industries Boards which gave help to business in finding war work, in a proper distribution of labor and in obtaining capital. These boards are made up of men intimately acquainted with conditions in particular localities.

The Conservation Division and the Priorities Division, the Price Fixing Committee and others, possess powers which, if relinquished over night, many business men believe, will bring chaos and panic.

### Just Consider—

**T**HERE is the question of what to do with Government-owned munitions plants and other establishments the Government has created to produce war materials. The facilities of these concerns are far greater than is needed in peace times. What shall be done with their organizations, their machinery, their buildings? Then, too, what of that other kind of Government establishment which is turning out war materials that can be used in time of peace? Shall the Government continue to produce these materials selling them to the public and abroad or shall plants of this character be turned over to private capital? Some of these plants are producing materials in such quantities that this country cannot absorb them. What is to be done with this production? Shall the Government help find new uses for it in the United States? Shall it find new markets abroad or shall its manufacture in large measure be discontinued?

One authority estimates that the Government has invested \$500,000,000 in plants turning out war materials.

The labor question presents an intricate problem of reconstruction and one that concerns industry as much as any other question

### Those Who Will Guide Us

**R**ECOGNITION of the assistance that business men can render in solving the problems of reconstruction has been given by President Wilson. This expression by the President is made in a letter to the Chamber of Commerce of the United States acknowledging resolutions adopted by the Chamber's Board of Directors recommending creation of a reconstruction commission. The letter, addressed to President Wheeler of the Chamber, discloses that the President is considering the appointment of a commission such as suggested by the Board and it expresses appreciation of the fact that the Board of Directors has given attention to the subject.

The type of commission suggested by the Chamber's Board of Directors would "represent the social, agricultural, commercial and labor interests of the nation; should have no administrative functions; should devote its whole time to the consideration of these problems, availing itself of all information assembled by the different official bodies and should report directly to the President."

The resolutions point out that problems, social, economic and political, which are arising with the end of the war, are of equal magnitude with those of the war itself and that the experience in Allied countries as well as the observations of the trend of affairs in this country lead to the belief that without the early creation of adequate official machinery there is serious danger of confusion and conflict as a result of the formulation of class programs of reconstruction to which separate classes would become committed.

"These problems are far too important," it is declared, "to be handled successfully except by an official body of the highest standard, thoroughly representative of the different points of view and interests of our citizenship which can combine and inter-relate them for the benefit of the whole people."

In his letter transmitting the resolutions of the Board President Wheeler said:

"For a year past the Board of Directors of the Chamber of Commerce of the United States has been giving some attention to various aspects of the problem of reconstruction, and has received many comments, suggestions and resolutions from the commercial bodies included in its membership. It has been proposed to us and we have considered a proposition for a reconstruction committee and a consequent reconstruction policy of the National Chamber which would represent the views of the business interests of the country. We have decided that such a course could merely contribute to that which we most fear, i.e., the formation of class programs to which classes become committed in advance of any general and combined consideration by the proper Governmental authority.

"We wish to subordinate the interests of the business men as a class to the interests of the country as a whole and with this in view have adopted these resolutions. Should such a commission as is here proposed be created we believe all class antagonisms could be eliminated and an opportunity given to all interests of which business is but one, to formulate and present their ideas with the understanding that they would be fused and amalgamated by a body in which there would be representatives sympathetic to each interest but whose highest combined duty would be the interest of the public.

"Should such a commission be created, we believe we can unhesitatingly pledge the entire willingness of business interests to act in conformity with this plan and to accept the judgments arrived at without cavil."

with the Government and with each other. Here is where there will come the test of the value of the by-products of war. Shall business men continue in the closest association for the good of all or shall measures of conservation and practices that have been put into force to the great advantage of both business and the public be dropped in the wild scramble of getting back to peace-time business?

If out of the emergency conditions of war American industry finds a way of eliminating waste, of simplifying processes of manufacture, of introducing greater economy in the use of basic materials, of providing uniform systems of cost accounting and of introducing a more



# A Key to Our Industrial Future

By  
THOMAS H. UZZELL

Decorated by R. L. Lambdin

**I**N the most famous of all business stories we learn how Antonio of Venice, drygoods merchant, met disaster by reason of a storm which drove astray one of his ships. He couldn't pay his debts.

Shakespeare's Antonio had nothing on P. Everts of Boston, when the war hit his business. P. Everts was a jeweler. He worked in platinum. Engagement rings, brooches, lavallieres he fashioned with a cunning so delicate and beautiful that he enjoyed the most exclusive patronage. For thirty years he had trained his workmen, devised his tools, perfected his designs. But the Government, needing platinum, issued a request that lovers find some other metal as a token of their happy agreement. Whereupon P. Everts found himself facing a disaster worse than the loss of Antonio's ship.

The tiny wheels of his shop ceased to turn. His skilled workmen were empty-handed. There was no more platinum for them. And P. Everts, for the life of him, could think of nothing else they could do. He was like a farmer asked to use something else besides dirt. Platinum was P. Everts' specialty—it was platinum jewelry or nothing.

Finally, haunted by the silence of his shop, and a bit haggard, P. Everts took a train to Washington. He was resolved to remonstrate. He was going to see the Government in person; his adjectives were all chosen. On arriving he fumbled about among the various buildings until he came to the Department of Commerce. The Department of Commerce referred him to the Bureau of Standards. Discouraged, but still determined, Mr. Everts boarded a trolley and was set down at the edge of town beside a group of buildings which looked like a cross between a modern factory and a university set up in the woods overnight.

Once past the sentry pacing to and fro before the gate, he was ushered into the office of Dr. S. W. Stratton, Director of the Bureau. When Mr. Everts finished telling his troubles, Dr. Stratton sent to one of his shops for a lieutenant of aviation, an engineer who, with his blouse off and his sleeves rolled up, was working out some technical problems for his branch of the service. Replying to the Di-



rector's questions, he said:

"Why, yes, we can use all the tachometers he can make."

The platinum element is the most important thing about them."

With quickened step P. Everts followed the lieutenant to his shop. Off came his coat, up went his sleeves. A tachometer was produced, the platinum element removed. Ah, here was something he could make!

Would making those things help win the war?

Rather!

P. Everts was enlisted for the war of democracy. And inside of two weeks his business flourished as never before.

Next after P. Everts came a cut-glass maker from Cleveland. He, too, entered the Director's office with lagging steps and a haunted look in his eye. His moan was:

"The Government's done me in. Yesterday I made the best glass in the country and today—it seems that my business is a public nuisance. They referred me to you."

Said Dr. Stratton: "Why don't you make lenses for army field glasses?"

The glass-maker, brightening: "Do you think I could?"

"Come with me."

A few minutes later they entered the smallest, albeit the most complete and scientifically perfect lens-making factory in the country. Again a lesson was learned; again the magic was worked; and, although there are problems still to be worked out in this craft, a noted business house was given the chance to perform more profitable and more patriotic service.

Solving seemingly impossible problems for American producers has been a specialty

of the Bureau of Standards at Washington for seventeen years. Before the

war its staff of experts worked eagerly and successfully, yet without acclaim. Once the country was plunged into war, however, a war pre-eminently of industrial engineers, the Bureau of Standards became an acknowledged Mecca of wisdom towards which producers directed their steps from every point of the compass. The number of its buildings has practically doubled and three more are on the way; its staff has increased from five to over twelve hundred, and today manufacturing pilgrims



hearing of its store of magic, are streaming into its wide-open doors at the rate of one every fifteen minutes.

The story of its double service to soldier and to manufacturer has in it the thrill of something occult, something almost unimaginable. The episodes of the jeweler and the glass-maker are random paragraphs in an encyclopedia of achievement. They merely illustrate how two manufacturers were picked up bodily from one trade and set down in another without the loss of so much as a wiggle of effort. The Bureau is also a discoverer. It is daunted by no problem—provided that a solution would be of practical, dollar-and-cents value.

For instance: drygoods salesmen, dye makers, the pigment trades were constantly up against it because they had no absolute standard for colors. Producer and buyer disagree as to a shade of blue for example, and the dispute waxes hot, both men finally only "see red" and fly away to a court with their lawyers. Lawyers and judge hold up their hands. They are helpless without a standard! Each litigant had a "standard glue," but they differ! An infallible expert witness is necessary.

Enter, the Bureau of Standards.

The Bureau searches the air, the earth, and the waters under the earth for a color that changes nor alters not. It is not there. "Well," says the Bureau, which has imagination as well as learning, "how about the sky? There is the spectrum of the stars." With the Bureau the sky is not the limit. A spectroscopic is directed to the sky and brings down a resplendent row of pure and eternal colors. The blue may be singled out and matched with a secondary standard and dispatched to the court—with the Bureau's compliments.

There is no expense because the Bureau sees at once that this emergency leads to the production of a utility of indispensable value to

who knows how many trades or individuals. And today no up-to-date salesman dealing in colors travels about the country without the spectrum of the stars in his vestpocket!

Follow now the war-time adventures of a certain porcelain goods manufacturer. Inasmuch as we are not mentioning real names, we will call him Mr. Preston.

## Mottoes for the New Age

By SECRETARY OF COMMERCE REDFIELD

**The most dangerous defect of American industries has always been the fact that they were divorced from scientific knowledge.**

**In spite of a marvelous advance in science for years, many of our mills and factories have continued blindly to work by rule of thumb.**

**The war marks a turning point; it has advertised the practical value of science to industry.**

**American manufacturers are learning that the scientific man is also a producer, and that money invested in him is well spent.**

**A great function of the Bureau of Standards is to tell How and Why.**

**When to Yankee pluck, push and ingenuity has been added the leverage of scientific knowledge—there will be something doing of great benefit to the American people and through them to the world.**

The army and navy last spring gobbled up all the fine optical glass in the country—for binoculars, navigating instruments, range finders and such like tremendous trifles of warfare. Almost the total supply of the quality needed had come from Germany. Among others, Mr. Preston, a great man in his trade, was summoned. A fine German lens was handed to him; he was asked to reproduce it in quantity.

"I can give it to you in quality, but it will take about a year to produce it in quantity," He spoke with finality.

"But," said the army and navy, "we've got to have thousands of these things within a few weeks."

There was no help for it. Glass of the quality of that German lens, when melted, would burn a hole right through any substance known to man except the special pots used for melting optical glass. These required six months to manufacture.

The army and navy, being precocious in its wisdom, said: "Have you seen what the Bureau of Standards has got in this line?"

Mr. Preston hadn't. He had heard of the Bureau, of course; it was a sort of obscure building where a bunch of monastic scientists corrected clocks and checked up grocers' scales.

Despite his prejudice, Mr. Preston journeyed out to the group of buildings buried among the trees. He was driven to go—by war's necessities.

Here is both a depressing and a hopeful fact. With the fortunes of only his own business at stake, he, like thousands of others, was sufficient unto himself. Had he not made lenses for thirty years? Did they mean to tell him that he didn't know—well, thank God, there is a force abroad in the country today that will melt all vanity, all prejudice, all

small-mindedness. That force is patriotic loyalty to the nation. That force has given the Bureau of Standards its needed advertisement. That force has broadened the trail to the Bureau of Standards into a well-beaten road which, in turn, bids fair to expand into a highway as wide as the frontiers of these United States.

The Bureau confessed that Mr. Preston's problem was a "poser." But it set to work. It failed. The hot glass trickled right through the bottom of every pot it made. "You make them too fast," said Mr. Preston.

"We make them wrongly," replied the Bureau.

(Continued on page 36)

# Senate Retouching Revenue Bill

THE new revenue bill has sailed into the doldrums of the armistice. How soon it will catch another favoring breeze, from a quarter other than war, and continue on its way cannot at the moment be guessed with accuracy. Some gentlemen who should speak by the book have lately intimated the bill would not again get under way until the vicinity of January 1.

Meanwhile, the Treasury Department is busy at figuring its needs for revenue in the event the next twelve months are to be a period of peace rather than of war, members of the staff of the Senate Committee on Finance are enjoying something of a respite from their labors and the Bureau of Internal Revenue is wondering how regulations under the new law are to be prepared with a proper degree of care if the law does not soon get upon the statute book.

Uncertainty is the gist of the current situation—uncertainty about the amount of revenue the bill should raise, uncertainty about many provisions in the bill, and uncertainty

HERE are detailed some of the finishing touches being applied to the biggest and most comprehensive revenue bill ever fashioned by Congress. With it before you, you can really begin to use pencil and paper with effect. It should be stated, however, that this article attempts only to set out some of the hundred or more amendments made by the Senate Committee in the provisions for income tax and profits taxes alone. As the committee had not completed its revision at the time the article is written, any of the committee's earlier decisions may still be reconsidered. Consequently this review is in effect a discussion of the bill while it is still peculiarly subject to modification.—The Editor.

about the date when it may become law. If the bill is not reported from the Senate Committee until such a date as has been mentioned above, it may not become law before March 4, when this Congress ends. Revenue legislation would then have to start anew. In such an event, taxes for 1918, would probably be collected at the same rates as were used for 1917.

When the bill ran into the doldrums, the Senate Committee on Finance had been examining the handiworks of the House for something like six weeks. Beginning with a sentiment that the bill passed by the House should be little changed, the Senate Committee eventually arrived at a very different point

of view and indicated it might make fundamental changes and innovations.

## Profits Tax Formulae

IN fact, the Committee has already decided upon a considerable number of changes, all of which, so long as the bill remains with the Committee, are subject to further change. For instance, instead of the House's method of arriving at the tax on profits—by assessing an excess-profits tax or a war-profits tax, accordingly as one or the other would produce the greater revenue for the Treasury—the Senate Committee elaborated a formula which would be used in every case.

This formula does away with any objection to an alternate plan of computation at the same time, it takes into consideration elements which characterize the difference between the special profits arising from war and the conditions attendant upon it and profits which are abnormally high regardless of the effects of war. It does this by having excess-profits

(Continued on page 17)



# Reconstruction: A Starting Point

For our war industries the way out is the way in—government control

By GEORGE E. ROBERTS

*Assistant to the President, National City Bank, New York*

**T**HE Government today has its hand upon practically every department of industry. It is operating the railroads and ships, distributing and fixing the price of coal and some of the principal articles of food, regulating the distribution of labor and steadily increasing control over industrial activities.

What should it do about these newly-assumed activities now that the war is over? Should it abandon all of the functions it has assumed forthwith, or as soon as its own wants in the markets are supplied, or withdraw its authority gradually and perhaps maintain permanently a more intimate relation with trade and industry? Undoubtedly there is a considerable element, which has viewed with great satisfaction the extension of governmental activities, and which will seek to magnify the benefits gained from them, and have them continued.

It is important to have a clear understanding of the reasons why the Government assumed the functions and authority it has exercised. It was not because the country had suddenly been converted to the belief that a Government organization could conduct or regulate the business of the country more efficiently than it had been normally conducted by the voluntary private agencies, but because war conditions suddenly created extraordinary demands which could not be met without a degree of cooperation only obtainable under the direction of authority.

The voluntary organization by which in normal times the population distributes itself in the various industries and occupations, and effects the exchange of products and services, is a very wonderful one. The manner in which the people of a great city have their wants supplied with products from every part of the globe and pay for the same by their own varied talents and labors, all by the voluntary cooperation of thousands of persons, is very impressive to anyone who will stop to think of it.

## War's Miraculous Touch

**T**HIS system is a development, a growth, changing constantly under the study of thousands of keen minds attentive to every phase of it, prompted by self interest and spurred by competition. It is wonderfully adaptable and flexible within the range of ordinary changes. But the changes of war time are extraordinary. They throw the whole highly-organized system into confusion. Individual enterprise is helpless because the situation is incalculable. Apprehension, due to uncertainty, becomes a great factor in the situation. The Government necessarily dominates everything because it must have control over all resources.

At such a time the industries must be co-ordinated and operated to secure the highest immediate efficiency for the single purpose of winning the war. This requires something analogous to a military organization, where all recognize and obey a single authority. While the war continues the community recognizes the propriety and necessity of this order of things, and cooperates cheerfully. Hundreds of experienced men who would never think of

being Government employees permanently, offer their services to the Government in the various lines without remuneration.

## The People Say: "Restore"

**N**OW the war is over. The necessity for this organization no longer exists and the organization naturally will soon go to pieces, the system become generally impracticable. Such a system depends for its efficiency and success upon men who have been trained in the voluntary competitive system, where an unrelenting test of personal efficiency is constantly applied. It lives on knowledge previously acquired. The railroads are being operated today by a staff trained under private management but released from all the restraints placed upon private management by the law. The results under these conditions will not be a safe

*Drawing by Charles E. Howell*



criterion by which to judge of the probable results of permanent Government management.

The same is true generally, and it may be assumed that the people have not contemplated any permanent transfer of business activities to the hands of the Government. The law under which the railroads have been taken provides definitely for their restoration to the owners at the end of twenty-one months after the close of the war. This provision recognizes that a period of unsettlement and uncertainty will probably exist while business is being re-adjusted upon a peace basis. The same reasoning which suggests the advantages of having a directing authority over industry while it is being reorganized on a war basis will apply in a degree while being reorganized on a peace basis.

The necessity will not be so imperative. The industries will not be so much in the dark in getting back into their old tracks as they were in finding their places in war work, but it will be a period of uncertainty and of apprehension, and no doubt the situation can be steadied by the hand of authority.

## Public Work a Shock Absorber

**I**N war time the purchases of the Government are the chief factor in the situation. In peace time the industries are mutually supporting, dependent on each other, and it is desirable that they reestablish their normal relations with each other before the Government severs its relations with them. It should aim to accomplish this end, gradually withdrawing itself from the situation.

It would be a very desirable thing if the

Government would adopt a tentative and elastic program of public works which could be made to take up any slack that may appear in the industrial situation. The chief danger during the transition period will be from uncertainty and want of confidence in the near future.

The end of the war appears to be a jumping-off place. Eventually we know that industry will reform and re-integrate, but everybody dreads a time of doubt and hesitation. If assurance could be given of an important volume of public work it would put backbone into the situation, and create the confidence necessary to bring private enterprise promptly into activity. It may be that private enterprise will very promptly show its readiness to employ the whole industrial capacity of the country, if supported in this manner.

There is a vast amount of public work needing to be done in this country, in developing the harbors, waterways, terminals, railways, highways, municipal services, etc., which might be made to serve this purpose of stabilizing the industrial situation.

The amount of construction work which we are to do in connection with the rehabilitation of Europe depends largely upon the amount of credit we can grant. The countries of Europe cannot send gold to us, nor pay a heavy premium upon exchange. The interest payments they must make on the indebtedness they already have here, together with the purchases of food supplies and raw materials, will throw the balances heavily against them. Exchange rates will have to be stabilized, as sterling exchange has been stabilized now for four years

(Continued on page 48)



# The Federal Trade Triumvirate

Informal Snapshots of the Self-styled Traffic Policemen of the Nation's Commerce and Industry

By JAMES B. MORROW



Harris and Ewing

**T**HE humor of the occasion took up some of its shock. "About a hundred men are in a room at the end of the hall and want to be heard,"

Victor Murdock had been informed by a law clerk. "I told them," the law clerk said further, "that you were the only commissioner in sight at present and that you might or might not be willing to act in the matter."

"Show me into their presence," replied Murdock, if not in those words,

then in others whose meaning was similar.

The hundred, more or less, were solemn, in the main, and particularly well-dressed. They were shaved and whisked, trimmed and burnished, to conform externally to an event so grave and official.

"We are manufacturers of —" and the spokesman named their product.

This to Murdock, a beaming and freckled man, with crinkly hair, parted always, even when he sleeps, it would appear, exactly in the middle. A strong-voiced man, also, with the mouth of a stumper. And friendly, usually, it should be mentioned, but not lacking in vigor, nor language, in moments of excitement.

"Proceed," he said, to the oralist of the hundred, smiling from his nose downward but puckering a judicial frown into his forehead.

It was a strange story of picayune bribery that had grown until it had become a serious menace to an entire industry. Bribery begun with small gifts, such as dinners and stickpins, and developing by degrees, under the law of evolutionary processes, into subsidies of automobiles and of money, loaned without notes or other negotiable instruments.

The beneficiaries in all cases, Murdock was startled to learn, were the employees of the customers of the serious-faced men sitting in chairs along the edges of the room.

"So the overhead is eating you up," he ob-

served, dropping into a lingo that had been new to him only a few days before.

"We have tried to stop it but could not agree," said the agent, and he swept with his head the century of principals soberly backed against the walls.

"And you came here—?"

"Because we heard that you meant to send for us," was the humble reply.

Then a lawyer came from another room. "Read them the statute and make some pertinent remarks of your own," Murdock ordered, after a rapid and picturesque review of the proceedings.

While the lawyer quoted and austere spoke, Murdock wrote, using a long sheet of paper and a pen that could be heard in the corridor. The document so forged was a pledge to be good. It was signed and the hundred, cheerful now and vindicated, shook hands with Murdock and the lawyer.

In this manner began Victor Murdock's functions as a member of the Federal Trade Commission. Whether this attitude of counsel and advice to those perplexed and in trouble came from precedent of early Commissioners or whether it sprang naturally from Murdock the man, deponent saith not. A Committee of the National Chamber of Commerce in the summer, however, undertook to do some deposing, to the effect that there have been recently some very radical departures from the role of guide, philosopher and friend of American business.

"We," explained William Byron Colver, chairman of the Commission, meaning by the plural pronoun himself, Victor Murdock and J. Franklin Fort—J. for John—"we," he said, "are trade's traffic policemen. Business must obey the signals. Cars can't be parked in prohibited zones. Neither can they straddle the road and stop other cars going in both directions."

The idea behind the law that established the Federal Trade Commission was to give the business men of the United States a stern but sympathetic parent—a collective father, it might be said—to chasten them when they were bad, to praise them when they were good and to counsel them when they were perplexed or in trouble.

## Congress Discovers New Seeds

**T**HE traffic policeman theory began to govern after the Commission got well seated in the saddle. As long as the policeman at the street intersection guided traffic into safe channels, commerce and industry, figuratively speaking, waved its collective hand in friendly salute of gratefulness. Of late, however, there have been stories that this particular traffic cop has been caught scattering ragged glass of embarrassment to automobile traffic, and so the Chatauqua salute for the time being has gone out of style.

Mr. Justice Harlan, who smoked five-cent cigars (when not engaged with other forms of tobacco), played golf, taught a Bible class every Sunday morning, rode in street cars and spoke to any one who spoke to him, pointed

out, a quarter of a century ago, in one of the decisions of the Supreme Court, that rules for the regulation of business could not be formulated, nor their obedience enforced when formulated, unless the National Government were accurately and precisely informed in respect to business.

Here, then, was the germ, which, dormant for more than twenty years, though intermittently stirred by debate, eventually grew into the agency that is now being administered by Messrs. Colver, Murdock and Fort. The Harlan suggestion pertained to facts for the use of Congress. But the law, as it came out of that body, set up a tribunal to judge if unfair practices between competitors were such from which the "seeds of monopoly" might sprout to the detriment of the public's interest.

## Into the Bowels of Business

**C**ONGRESS said in effect to the Commission: "You know and we know that out of competitive conditions arise acts which are not only unfair as between competitors but that are also antagonistic to the public welfare. We give you the great opportunity for public good, of scrutinizing business activities for these untoward manifestations, and at the same time place in your hands authority to stop them."

"You have the great responsibility of a high court. Your dignity will not allow you to sit as umpire on a business concern which does not pay its debts or to seize and spank a small boy who fudges at marbles in the alley, unless, first, these unfair practices, in your mind, are evil tendencies in the larger commercial affairs of the nation, and second, unless such action will stop the practices nationally. You are not to be justices of the peace."

But what are unfair practices? English law has been as definite as it has been farsighted in refusing to define fraud. So the law shifts the toils of discovery and definition of unfair practices on to the court. Colver has his line of ethics. Murdock has his moral standards. Fort has his own beacons to guide his philosophy and judgments.

Do lines, standards and beacons operate together in the work of "destroying the seeds of monopoly?" It was Joseph E. Davies, first chairman of the first commission, who used the phrase about seeds to the writer of this article. Later he paused in his high work of destruction to run for Senator in the State of Wisconsin. Also about the same time, William J. Harris, another commissioner, paused that he might be a candidate for the same great office in Georgia.

The two places still remain without incumbents. Therefore Colver, Murdock and Fort—three, when the law reads five—are the only commissioners. Their "major duties," using the words of Murdock, are three in number. First, they must stop unfair methods of business. Second, they must prevent discrimination in prices. Third, they must prohibit the making of tying contracts.

No authority, as is the case of the I. C. C. practically, is over them. They report only to the President. Appointed by the President, it



is true, they work, it can be said, as an independent body. Congress, however, supplies them with money. They now fill a building with their gear and employ 700 persons—investigators, accountants, statisticians, clerks and stenographers.

Lords of trade they can be termed and not inconsistently. Lords of the wicked and the righteous indiscriminately. The books of either must open at their command and the vaults of either must reveal their contents. "The bowels of business," Murdock says, "usually can be found in its ledgers." Specialists also, then, are they in the midriffs of commerce and industry.

### A Journalistic Formula

THEY are worthy, therefore, generally and particularly, of some description and laboratory treatment. Colver is the grim-faced member of the triumvirate, made so by years of unremitting toil as a journalist. He is tall and lean and pale. Years ago in Cleveland he was a lawyer and then a telegraph editor on a morning newspaper. He hurried and not often did he smile and never, perhaps, did he laugh out loud. Things were to be done and night was on the way. So ran his thoughts then and so they run today.

It was while on an afternoon newspaper in the same city that Mr. Colver really began his career. The owners were among the earliest exponents of "popular policies," as such doctrines later were known. Corporations were the abodes of greed, oppression and other evils. Wealth was to be scorned and ridiculed in turn. God would bless and protect the man who worked, only with the editors, however, as diligent intermediaries.

Such was the formula. Great were its rewards in the cash that was abhorred. And politicians, perceiving that the medicine was good, took long and frequent doses out of the bottle themselves. Conspicuous among them, at a later day, was Tom L. Johnson, who loved to plow with oxen not his own and whose calculating eye was already fixed on the office now held by Woodrow Wilson.

Johnson, fond of young preachers, reporters and lawyers, gave Colver his first political honor. Rich men, said Johnson, were evading the payment of their pro-

portion of the city's taxes. Answer was made in derision that Tom's fortune was in government bonds and accordingly not assessable. Whatever the fact may have been, Johnson chose Colver to look into the question—so far as it related to other men. And Colver acted promptly, seriously and vigorously, as is ever the case when he has a task to perform.

Other journals were established or bought by Colver's employers and a news collecting service was organized. His rise was rapid as a writer and a manager. Then six years ago, while his headquarters were in Chicago, he purchased an interest in three daily and six weekly newspapers and became editor-in-chief of all. The daily papers are in Omaha, Minneapolis and St. Paul. They, too, are popular-policy publications.

Journalism also has been Victor Murdock's bread and meat, although literature was his early dream, while politics has been his latter-day pursuit. He says that he began setting type at the age of eight and at ten was writing Roman tragedies after, as he supposed, the style of Shakespeare.

At the same time and meanwhile "Wichita and I were infants together," laughingly said he, as if he thought the joke was as much on one as the other. "I grew up with the town, which," he added, "was a sad little settlement on a sandy and crooked river. Wichita is still growing. So am I—old and fat."

The elder Murdock—Marshall M.—owned the *Eagle* which was a weekly newspaper and not a hotel or a stage-coach. He was at Lawrence, Kansas, when it was looted and burned by Quantrel, the guerrilla, and crept down a well, where, though fired on from above, he escaped without injury. A plain and direct man, he practiced candor in talking, both to the public and his family.

### "Writing Is Cheap"

HAVING read Beaumont, Addison, Fletcher, Steele and Ben Jonson; having taken a wife which adventure he entered upon ere he had reached the age of twenty, and having the conviction that fame had a large wreath in reserve with his name on it, young Victor, head of a household and a rattling good writer, believed that his salary of \$9 a week was inadequate. So he boned his father for some augmentation of his compensation.

The dignity of his language, the self-confidence of his bearing and his knock-down illustration (that the bookkeeper of the *Eagle*, a mere commercial person, was paid \$20 a week) caused no excitement and only brief comment in the office of the editor and proprietor.

"Victor," remarked Marshall M., "you are receiving more than you are worth. Writing, my son, is cheap. The prairies are full of young fellows who would be glad to get your place."

They rode to Chicago, Victor and Mrs. Victor, with passes obtained by the *Eagle* for printing the Rock Island time table and,

arrived there, lived in one room. "I am a real reporter now," wrote the son to the father, "and am getting \$22 a week." The boast was in the word "now" and the underlined figures.

"After returning from my work, each night at one o'clock, I read Dickens, Thackeray and Lamb for style," said Mr. Murdock to the writer. "Tomorrow, I said, I shall hit the target and ring the bell. Fortunately, Mrs. Murdock thought so, too. I wrote and wrote—sketches, news stories, politics. The city editor said that I was a good man. But I got no sign from the people who read my articles."

### Father Again Votes "No"

AT the end of three years, big and strong as I looked, I was worn out. Worse still I was discouraged. Kipling at twenty-three had written 'Plain Tales from the Hills,' 'Soldiers Three,' and 'The Light That Failed.' I was twenty-three, an old man, almost, with no book, no play, no fame.

"Back again on the good old *Eagle*, I did everything, from editorials to local items. People said that I was a bright young man, but I knew better. Yet I brought some new methods from Chicago and I put verbs of action into our headlines and really improved the paper."

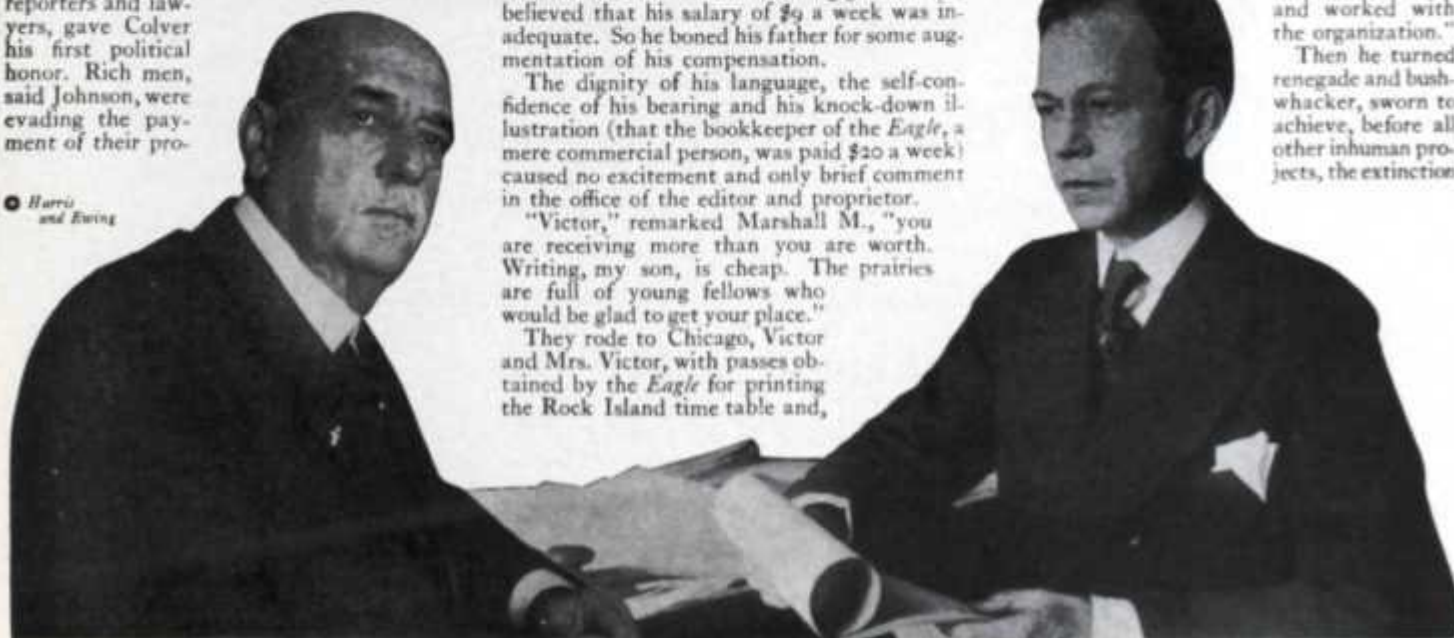
Eight years ran their calendrical course, from dawn to decrepitude, and eighteen Republicans declared their purpose of running for Congress in the Wichita district, all at the same time, it should be stated. Victoria Mayberry Murdock, wife of Marshall M., was a strong woman, to use Victor's own adjective of personal description. Urged by his mother, the son also announced his candidature.

"Literature was still in my heart," so runs Mr. Murdock's story, as related to the writer, "but I called a family council. I presented the case and then asked for a ballot. My mother, my wife and the city editor of the *Eagle* voted in the affirmative. My father roared a mighty 'no'."

So at thirty-two Victor Murdock was a member of the House of Representatives. "For three years," he said, "I kept on the reservation, like a good, prohibition Indian, stood by the rules and worked with the organization."

Then he turned renegade and bushwhacker, sworn to achieve, before all other inhuman projects, the extinction

© Harris and Ewing



Fifty years ago "J. Franklin Fort made thirty stump speeches against Horace Greeley" and in fact it was an extemporaneous political speech delivered when he was twenty-six "that turned lean days into fat ones."

William B. Colver got his training in "popular policy journalism" which found it highly profitable to expound the theory that profitable "corporations were the abode of greed, oppression and other evils."



of Uncle Joe Cannon, Speaker of Congress. Politically, since 1912, he has been indexed as a Progressive Republican.

"We are still below the levels," he observed, and mournfully it seemed, "on which, when reached, virtue and common sense will govern the human race."

No more, therefore, need be said as to Victor Murdock's programme. "Forward to the levels, comrades!" and, as he breaks ground ahead, his eyes flash and his saber gleams in the—(to the reader: insert sunlight or moonshine, according to your regularity or irregularity in political or social matters.)

Likewise it can be written that J. Franklin Fort's free and robust discourse never waits on authority or precedent. If geography did not dispute it, he would be called an aggressive and masterly inhabitant of the West.

#### A Good Sportsman When—

A HEARTY man, he shoots quails and belongs to the Presbyterian Church. A handsome man, in the bargain, and a kind man, with friendships wide and true. "I mourn," he once remarked to the writer, "when a witness lies to the court and the jury, but there is no pursuit so quietly exciting and satisfactory as the catching of a perjurer, while he dodges and writhes under a skilful cross-examination."

Mourns as a moral citizen, but traps as a good sportsman. Nor is there any nonsense in his view of things. He was asked why large corporations fled to New Jersey and sought sanctuary under its charters.

"Flee?" he repeated (he was then the Governor). "Say 'come' and I will answer. They come," he went on, replying to the question

as amended, "because we treat them fairly. Business men know that neither the clamor of a class nor the passing frenzy of an hour will deprive them of their legal rights."

"It is beautiful to say that all citizens are equal before the law. We do not exhibit our platitudes on festal occasions, however, but get right down out of the clouds, plant our feet on the earth and practice what we preach, which is that a rich corporation, when it enters our courts, is no better or worse than is the little man who owns a house in a back street."

The Forts have been landholders in New Jersey since the year 1698. Judge Fort was born on a farm that had been tilled by his family for two centuries. While a student at the Albany Law School, where he was educated for his profession, he was the room-mate of Alton B. Parker, who ran for President on the Democratic ticket in 1904.

"We have been the best of friends," Fort said of Parker, "ever since we ate at the same table and slept in the same bed." The eating, the sleeping and the washing and ironing, which were included, cost each of the young men \$5 a week.

Graduated, J. Franklin Fort went back to New Jersey and made thirty stump speeches against Horace Greeley and for General Grant. He was twenty years old. The next year he was elected assistant journal clerk of the legislature. His money debt to his father was promptly paid and when he had accumulated a fund of \$419 he went to Newark and opened a law office.

At the end of six months his total revenues as attorney and counselor amounted to \$5. Then a brass-band serenaded George A. Hal-

sey, candidate for governor. Halsey made a speech, standing on his porch, to the musicians and the electorate assembled on the lawn and in the street.

"And now," he said, his peroration ended and honestly applauded, "it gives me great pleasure to introduce my young friend, J. Franklin Fort, who will address you on the issues of the day."

#### The Triune Tradition

"MY young friend," spoken by so eminent a character, and the speech that followed turned lean days into fat ones and a "briefless barrister" into a corporation lawyer. Judge Fort—he became a judge at the age of twenty-six—practiced his profession for many years. Banks, manufacturers and railroads were among his patrons. He sat on the bench of common pleas in Essex County and was appointed a justice of the New Jersey Supreme Court in 1900. Eight years later he was inaugurated as governor.

Sounding his way into strange waters, the interviewer asked: "Have you any idiosyncrasies, such as farming or the accumulation of pipes, postage stamps or pistols?"

"No, sir," Judge Fort answered, not in a shout, but the pitch of his barytone voice was higher than usual.

Pictured, then, are the trio of trade's autocrats. Pythagoras, the Greek philosopher, asserted that three is the perfect number, expressing as it does the beginning, the middle and the end. And three gods, Jupiter, Neptune and Pluto, ruled the world anciently.

The Fates also are three; and so also are the Furies.



## Exit Wars—A Business Proposition

A suggested reconstruction plank: A good husky policeman to preserve peace, certainly, but before he draws his gun let him brandish the new and terrible weapon of Economic Pressure.

By HERBERT S. HOUSTON

*Member of the Committee of the Chamber of Commerce of the United States on Economic Results of the War*

VISCOUNT GREY of Falloden, while still Secretary of State for Foreign Affairs of Great Britain, expressed the opinion to an American diplomat that the great war might have been avoided if there had been in existence, during that fateful summer of 1914, the proposed League of Nations.

Such an opinion from so responsible a statesman is certainly a challenge to a world at war. Not so much a challenge as to what might have been, for the angry waters of the past have rushed over the dam, but a challenge, certainly

to the future. For if the greatest war in history could have been avoided, then there is ground for hope that all wars can be avoided, or, at least, that the danger of their recurrence can be greatly lessened.

If such a world organization as the widely discussed League of Nations had been in effective existence in 1914, on the basis of the American proposals, what would have been its procedure when Austria refused to arbitrate its differences with Serbia? To begin with, the other nations in the League would have in-

stantly joined in applying economic pressure to Austria. This would have taken the form of a complete trade embargo. The economic pressure against Austria probably would have proved too strong to be resisted. Other repressive actions would have been taken also. This pressure from without would have been accompanied beyond question by a strong pressure from within, for it is impossible to suppose that many people in Austria would not, at the same time, have been asserting a powerful public opinion against their Government.



Even while the present war was waged, a pledge to use economic pressure was used as a threat to avert a new war. The business men of America in February, 1918, took the unprecedented action of serving definite notice on the business men of Germany that they will not hesitate to use a trade embargo against Germany unless she lessens the danger of future war by reducing the size of her armaments. This notice was embodied in a formal referendum submitted to the six hundred thousand business men in the hundreds of business organizations making up the Chamber of Commerce of the United States.

American business men had gone on record in favor of economic pressure over two years before the referendum outlined was submitted to vote.

When the third proposal in the League platform of principles was under discussion, in June, 1915, at the meeting in Philadelphia, at which the proposals of the League to Enforce Peace were formulated, I proposed, as a member of a Committee on Economic Results of the War and American Business, of the Chamber of Commerce of the United States, that economic pressure be made a preliminary sanction, to be followed by military power as a final sanction. This view was supported by Philip H. Gadsden, of Charleston, my colleague on the Platform Committee, another member of the Chamber's Committee, and it was embodied in a modified form in the third proposal as follows:

"The signatory powers shall jointly use forthwith both their economic and military forces against any one of their number who goes to war or commits acts of hostility against another of the signatories before any question arising shall be submitted as provided in the foregoing."

Later the constituent commercial bodies at that time comprising the Chamber of Commerce voted over three to one in favor of the use of economic pressure to maintain peace.

One of the manifest advantages of economic pressure as an international force is the way in which it can be applied. Each of the nations in a league can apply it instantly from within and the moment the announcement is made that an embargo has been declared, pressure begins to be exerted. It is not necessary to spend billions of dollars and years of time in building armament and creating armies, as is the case in developing effective military power. The modern world is prepared to exert economic power instantly.

### Big Stick is at Hand

PREPARATION has been made through the agencies of commerce and in every nation machinery is at hand through which economic pressure could be applied. The stock exchanges, the cables, the wireless, the international postal service and the wonderful modern facilities, already referred to, for communication and intercommunication constitute this machinery. It is world-wide in its extent and it would become operative the moment a league of nations decided to set it in motion.

This marked advantage, which economic power possesses over military power, has never been appraised at its full value.

By their influence on the framers of the League to Enforce Peace and by their referendum the business men of the United States have taken a firm stand on this vastly important principle of economic pressure to avert future wars. By them it is submitted to the judgment of the world.

# Senate Retouching Revenue Bill

(Continued from page 12)

credits and war profits credits enter into the calculation. The excess-profits credit is in form as adopted by the House, i. e., 8 per cent of the invested capital plus \$3,000. The war-profits credit also is much like the provision adopted by the House, being an amount equal to the average net income in the pre-war period, with an allowance of 10 per cent on capital added in more recent years, plus \$3,000.

The real change comes in the formula for arriving at the tax. The House set up two formulae, directing that every corporation should compute by both and pay by the one which gave the higher figure. The House's formulae were simple in form. The war-profits formula provided that 80 per cent of the excess in net income over the war-profits credit should be taken. The excess-profits formula called for a more elaborate calculation of 35 per cent of the net income between the excess-profits credit and 15 per cent of invested capital, 50 per cent of the net income between 15 per cent and 20 per cent of the capital, and 70 per cent on all the rest. Upon behalf of corporations with capital not exceeding \$50,000, and net income not rising above the same amount, a brake was placed by the House on these taxes, in the form of a proviso that the tax could not exceed 40 per cent of the net income.

### House and Senate Plans Compared

STARTING with these principles, the Senate Committee now has framed its own formula, but in two parts. For a corporation the formula is (1) 30 per cent of the net income in excess of the excess-profits credit (i. e., above 8 per cent on invested capital plus \$3,000), and not over 20 per cent of the invested capital plus, (2) 60 per cent of any amount over 20 per cent. This is the first part. To the amount arrived at in this way is to be added any amount necessary to make the whole equal to 80 per cent of the net income over the war-profits credit (i. e., the amount of net income above the portion which represents earnings at the pre-war rate plus \$3,000).

The Senate Committee's formula will make a difference in the amount of tax as proposed by the House for corporations only when under the plan of the House the tax is to be paid by the excess-profits method; for the second part of the Senate Committee's formula has the effect of making the amount of tax the same as under the House bill when payment is by the war-profits method. Thus, under the House's plan, a corporation with \$100,000 invested capital, pre-war earnings of 15 per cent, and current earnings of \$20,000 would pay \$1,400 in tax, by the excess-profits method, but \$1,200 under the Committee's plan. A corporation with \$1,000,000 invested capital, 30 per cent pre-war earnings, and current net income of \$350,000 would pay \$153,000 by the excess-profits method of the House bill and \$125,000 as the Committee has changed the plan.

In other words, in any circumstances under which the House levied a tax by the excess-profits method the Senate Committee would decrease the amount in moderate degree, at the same time having the amount unchanged when the tax would be computed by the war-profits method. The result is that the Senate Committee has inclined toward the position which the Treasury Department has urged—i. e., that the excess-profits method bears unduly hard upon the corporations to whom it applies, especially the smaller ones, and should accordingly be lightened.

Perhaps having the same general purpose in mind, the Senate committee has kept the provision of the House which would prevent profits taxes from becoming unduly high but, whereas the House confined the application of this limitation to corporations with invested capital not exceeding \$50,000 and net income of not more than \$50,000, the committee has, in form, extended its limitation to all taxpayers, regardless of size, subject to the profits taxes and provided that on net income between \$3,000 and \$20,000 these taxes are not to exceed 35 per cent of the income, or 80 per cent of the income over \$20,000. By this provision the committee removes the rigidity of the House limitation and prevents there being a sharp line between concerns which have less than \$50,000 in capital and those that have more.

Without the limitation imposed by the House, the tax of a corporation which has \$40,000 capital, had earnings of 25 per cent in the pre-war period, and has current net income of 50 per cent would be \$9,300. The House's restriction would make the tax actually \$6,800 and the Senate committee's amendment would decrease it to \$5,950. If the same corporation made currently \$40,000, the tax under the House bill would be \$14,800 and under the committee's amendments would be \$21,600; for the committee's restricting clause would not diminish the tax in such a case. This illustration indicates an increased flexibility in the Senate Committee's arrangement.

In another way, the Senate committee has mitigated conditions for small corporations; for in the event their income arises primarily from the activities of the principal owners, or capital is not the controlling income-producing factor and net income does not exceed \$20,000, the stockholders have an option to be taxed as partners—that is, each upon his own distributive share in connection with income derived from other sources.

### How Individuals Will Pay

CORPORATIONS alone are made subject to profits taxes by the House. Individuals, whether acting alone or in partnership, are to pay the tax, according to the Senate committee, under certain conditions. These conditions are that the individuals

- (1) Engage in trade or business, and,
- (2) Have net income exceeding \$25,000.

Individuals are not to bear this tax if their net income is ascribed primarily to their personal activities and if to the production of the income capital is not necessary. This freedom from the tax is not to be shared by any person, however, half of whose gross income arises from trading as a principal or from government contracts.

For individuals the profits tax is to be computed as for corporations, with an addition. The addition is 12 per cent of the amount of net income remaining after the tax is computed as for a corporation, with a special exemption of \$2,000. In other words, if an individual uses \$100,000 or invested capital, earned \$20,000 in the pre-war period, and now has net income of \$30,000, he would find that a comparable corporation would pay in profits taxes the sum of \$8,700 under the Senate committee's plan. To this he would add his exemption of \$2,000, and on the amount of his net income in excess of the resulting \$10,700 he would pay 12 per cent, or \$2,316. Thus, the profits tax he would pay would apparently work out as \$11,016.

(Continued on page 46)



# Unified Command of the Nation's Money

By W. F. WILLOUGHBY

Director of the Institute for Government Research



Drawings by Charles E. Howell

spoken officially and publicly on the subject. Of talk there has been plenty. There are reports, tracts and pamphlets. There are volumes and libraries on the subject. The time has

come when efforts must be toward action, rather than conversation.

It is safe to say that nearly everybody wants budget reform and that nearly everybody agrees that it must be had. The question now is: how to get it done?

If there remains any question of the necessity for the adoption of a budget system, let us take a look at the methods which now obtain in our Government, casually comparing them with practices which important corporate enterprises have found necessary the world over.

Does the executive head of a certain great steel corporation, for example, go before the annual meeting of directors and stockholders with a report in generalities and rhetoric on the past, present and future of the concern?

Does he then withdraw, leaving the directors sitting about the cathedral-arched and

discover that a lot more money will have to be spent than was spent the year before? Do the directors then engage in forensic battle—each for his pet appropriation? Do they trade—Smith giving support for insurance funds in return for aid on his dock plan? Does Brown supported by Green and

Black engage in endurance oratory to talk the session to death to prevent a vote on Director Blue's suggested amendment to Director Ochre's proposal for painting the corporation's automobiles yellow?

## A Happier Picture

DO Brown and Smith pair off and absent themselves from the meeting so the board can not vote on Blue's amendment? Do they go out in the cloak room and plot a vote to refer the entire matter to a committee on realty appraisal?

Do they fight it out, paring this fund, killing that and fattening another, sending their agreed findings occasionally to the office of the president and general manager for his signature and approval, presently to discover they have spent all the company's money and more?

They do not!

What do they do?

The president or chairman of the boards, armed with complete data and reports from his department heads, presents a concisely compiled statement of the financial condition of the concern. He has figures for the year just closed, the year current and estimates for the year to come. He outlines requirements, specifically and definitely, department by department, recommending approval of certain indicated lines of action.

There may be debate and inquiry. There are supplementary reports and records to supply detail on every item. There are factions to be convinced, and perhaps factions to satisfy. There are retrenchments ordered and expansions planned. There are provisions approved and provisions disapproved. But there is a definite centralized unified plan in the hands of those officials to whom the stockholders have entrusted their capital and to whom the

THE big business of war has forced recognition of the immediate and imperative need of operating the National Government as a business institution.

This is another way of saying that a budget system for handling the public millions and billions must be adopted now if the business of peace is to be handled with the greatest efficiency and if the Government is to be equipped to meet the extraordinary changes which are following the close of the war.

The movement for a budget system contemplates in effect that the President of the United States be equipped to be also general manager and chairman of the board of directors of the United States of America, Inc.

A budget system for the National Government also assumes that the President, and Congress through the President, shall be supplied with adequate data, figures and estimates to proceed to conduct the financial affairs of government with the same intelligence as other business enterprises and most other great national governments.

The demand for budgetary reform is thoroughly established. Twenty-five states have enacted budget legislation. In the campaign of 1916, all of the three big political parties carried platform planks pledging themselves to this reform. President Taft and President Wilson have both declared for a budget system of national finance. In Congress the present system has been roundly denounced and many bills and resolutions have been introduced, including a series of measures presented by Representative McCormick in the present Congress. The daily press also reflects an increasingly insistent demand for budget reform.

The first phase of the movement is over. Opinion has expressed itself positively, frequently and voluminously.

Millions of words have been written and

WAR has taught us as a people to hate scattered forces, waste, extravagance—shall we continue to allow an unbusinesslike expenditure of the public funds?

panelled chamber to lay out the business of the concern?

## God Forbid!

DOES Director Smith then arise and orate upon the vast necessity for the purchase of dock rights at Kalamazoo, in conclusion moving that seven millions be appropriated for that purpose? Does Director Jones then take the floor and declaim upon the virtues of bonus and insurance funds for employees, moving for the appropriation of a nifty-fifty millions for the purpose? Do Directors Brown and Green and Black follow with further demands for their several special interests?

Does the board then cast up a total, only to



stockholders look for conservation of funds and payment of dividends.

If there is an assessment, if there is to be a bond issue, if there is a reduction of dividends the stockholders will be able to judge of the necessity. They can know how their company is being operated. They can know what their stock is worth and can decide if their chosen representatives have done well or ill.

That in a broad sense is what the American people as the citizen-stockholders are demanding of their national government—all of which means a budget system of national operation, and finance.

### Government Must Keep Books

**A**MERICAN dividends of liberty and national efficiency, perhaps, can not be reported in tabulated columns, but American dollars expended in the earning of these dividends can.

The first "billion dollar congress" created a mild sensation in a wave of newspaper headlines. That was in the days of peace and plenty. The public read and smiled and said "How big we are," being rather proud in the American way at that spender congress "down at Washington." The pre-war days of plenty have gone. Now we have the days of reconstruction. The Government is borrowing a few billions from its stockholders every few months. Also several millions of these stockholders have been inducted into positions in the service of the concern. The war had become rather personal, and so had the Government which was conducting the war.

It perhaps has been true that "what is everybody's business is nobody's business," but the war, with its drafts, its taxes and its Liberty Bond campaigns has changed that. The Government is no longer an impersonal abstraction.

So there is a popular impression that the Government ought to "keep books." The business thought of the nation is distinctly impressed with the absolute necessity for the adoption of a budget system.

The war was a factor in the destiny of the United States Government as a commercial institution far beyond the immediate and costly business of war. Far-reaching changes in the present administrative system of the National Government are inevitable. It is sufficient to allude with but a word to readjustments of international trade, to the rail system, the wire and express services and commodity controls as responsibilities in the new business of government.

Since its beginning the Chamber of Commerce of the United States has made its best efforts toward the adoption of a budget system by the national Government. The first referendum of the organization, taken in 1913, was on this question, resulting in a vote of 573 to 10 for the adoption of a budget system.

With this strong initial endorsement in view, the officers of the Chamber have recognized the budget movement as a first duty. THE NATION'S BUSINESS has given consistent attention to the subject in a number of special articles, among them two by Harvey S. Chase, who was a member of the President's Commission on Economy and Efficiency.

### Business Offers This Plan

**A**T the fifth annual meeting in 1917, the Chamber reiterated its stand by a resolution urging that in view of the fact that the national expenditures had grown to unprecedented figures, exceeding \$1,600,000,000 in the year, making necessary new taxation to produce hundreds of millions and vast bond

issues, the President and Congress be urged to act toward the adoption of the budget system and budgetary procedure.

At this same time the Chamber created a Committee on Budget and Efficiency to consider detailed steps for getting action. This Committee is headed by Mr. W. L. Clause. It has made two reports. The first report, to the annual meeting in 1918, recommended that legislation be had authorizing the President to reorganize the administrative services and submit to Congress a budget. The second report, to the Board of Directors last June, vitalizes the first by offering exact steps which the Committee holds must be taken.

The second report in setting forth a plan of procedure suggests in detailed steps how the President might formulate the budget.

It is recommended that at the close of the fiscal year the President shall have the Secretary of the Treasury submit to him statements showing the condition of the treasury, the revenues and expenditures for the just completed year, including, if feasible, similar figures for a number of years preceding, also fixed charges and appropriations and estimated revenues for the fiscal year in progress. It is urged also that the Secretary's report should in addition include recommendations concerning the revenue system aiming at increase or reduction of the nation's revenues.

The Committee's recommendations further suggest that the President shall receive comparative statements from the heads of all departments and government establishments showing their expenditures for the fiscal year closed, appropriations for the year in progress and estimated requirements for the year to come.

### Budget Specialists Needed

**T**HAT much for the collection of budget data. The next step prescribed is that the President shall have prepared a budget which will present a report on the condition of the treasury, at the end of the fiscal year and for a series of years preceding, the revenues and expenditures for the year in progress, and the provisions which, in his opinion, should be made for meeting the requirements for the year to come.

It is set forth by the Committee that these statements should be balanced statements, so grouped and totalled as to present their facts clearly.

The Committee report recommends that the President should have a special service organized by him for the specific purpose of preparing the budget, working under his immedi-

ate direction and directly responsible to him.

These steps bring the budgetary message into being. The next step in the sequence of operations recommended is the transmission of this message to Congress immediately upon the convening of the regular session, the budget to be accompanied by a letter carrying such explanations and elucidations as may be deemed desirable.

A provision of especial significance is that the budget shall be a consolidated statement of the financial needs of the Government for the year, and that demands for funds shall not be submitted directly to Congress by any other administrative officer.

### As for Congress—

**I**T is recommended too, that the President, through his special budget department service mentioned above, shall receive from department heads their estimates on supplementary or deficiency appropriations required for the year in progress. These estimates, examined by the special service mentioned above and revised as the President deems proper, are to be submitted to Congress as supplementary or deficiency budgets for the year.

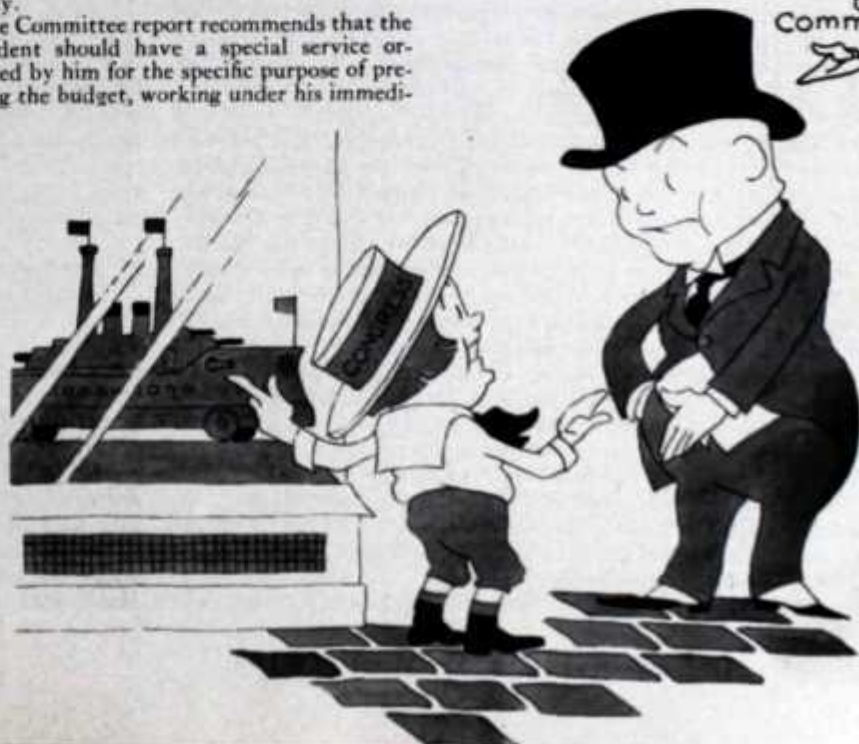
With the budgetary messages thus formulated and delivered, the committee report of June last urges definite sequence of action in Congress, asking that the rules be amended so that a single committee in each house shall have jurisdiction over revenues and expenditure proposals, to which the budget is to be submitted. It is contemplated that the budget is to be treated as the basis for all revenue and expenditure bills, and that the Committee is to prepare budget measures following the scheme and classification of the President's budget message. The recommended plan also provides for the preparation of a report to accompany budget bills pointing out items in which the bill departs from the President's budget with the reasons for the changes.

In drafting this plan, the Committee intended to indicate the essential steps and not a complete budgetary program. This plan was submitted on November 9 to President Wilson for his consideration.

In this budget campaign the Chamber of

(Continued on page 22)

Executive  
Budgetary  
Committee







### What's Next?

**A** CHALLENGE is a good thing for a man. Besides, it affords a background against which his subsequent achievements may be fairly appraised. The business men of the country received a challenge on May 30, 1916. Referring to a referendum of the Chamber of Commerce of the United States, in which the organizations in the membership had declared emphatically for preparedness, the President of the

United States then said, "Very well, now, we are going to apply the acid test to these gentlemen, and the acid test is this: Will they give the young men in their service to volunteer for this thing?"

Thirty months have now passed since that challenge was stated. The end of the thirty months saw 2,100,000 of these young men overseas, 1,500,000 of them in military service within the United States, and preparations well advanced for 2,300,000 more to leave their employments for military duties.

The President's challenge of 1916 was worth receiving.

### Congress and World Law

**I**NTERNATIONAL Law, which has been accumulating dust for fifty months on a back shelf, will now be taken down again and conked anew. Much of the conning will be done by us, too, for we are special champions of a law of nations and its enforcement. We were the first country to recognize it by placing it in the fundamental law. Our Constitution gives Congress power to define and punish "offenses against the law of nations." For the idea that nations have obligations to one another—an idea that we have cherished for a century and more—we went to war with Germany. We shall have no small place in reestablishing international law and placing it in a new position of authority for the future.

### British War Service Committees

**I**NDUSTRIAL Councils are already in existence in some British industries as a means of preparation to meet conditions after the war. These councils follow the recommendations made by a reconstruction committee in the spring of 1917. Taking the name of the committee's chairman, the conclusions of the committee have become known as the Whitley report.

In making the recommendations the committee had in mind such of the principal industries as already possessed organizations of employers and of employees. It proposed that in each of these industries organized employers and organized employees should form a joint council, "to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interests of the community."

The subjects with which these bodies will deal are becoming apparent. The Building Trades Council has taken up priority of release from military service for architects and has taken steps to provide for re-employment in the industry of former members now with the military forces. The Heavy Chemicals Council has arranged for members to go to any part of the country instantly to settle disputes. The Council of the Metal Manufacturing Industry has been busy constituting district councils and plant committees. The Council of the Baking Industry has given notice to the government it wants to be heard in connection with proposals that governmental bakeries be opened. The

Vehicle Building Council has been making plans for the training of disabled soldiers and sailors. The Council of the Furniture Industry and the Council of the Rubber Manufacturing Industry have been studying methods for the allocation of raw materials.

These councils obviously afford a means for employers and employees to present a united front upon questions affecting their industries.

### Still, O. Henry Dreamed It

**N**EBUCHADNEZZAR is still a name to reckon by, in the region where he once reigned. This is the testimony of statements of this year's harvest in Mesopotamia. They declare the yield will be the greatest since the great potentate ruled the land.

While resting from labors that made the Turk and his Teutonic companions very uncomfortable, the British have found time to dig out a hundred ancient irrigation canals and bring 320,000 acres into cultivation. By way of emphasizing the blessings of war, they have also given to Bagdad electric lights, paved streets, a water works, a sewerage system, a fire department and a police force. There are no reports about the state of the natives' minds in the face of so many inventions "in a heap."

### Gold: A Dilemma

**G**OLD is receiving assiduous attention from separate Government committees in London and Washington. The price of everything else has gone up, but the market quotation of gold has remained fixed. The price of gold has been "pegged" because of the place gold occupies in the economic scheme of things. In this state of affairs production has quite naturally declined. But everybody wants production of gold maintained at a high level, and at the same time, for obvious reasons, no one desires the market price changed. Here are two economically antagonistic positions. The two committees will have cause to ponder deeply.

### Financial Mass Formations

**B**ANKS have borne much of the brunt of war, and they will have real tasks in the days of reconstruction. In England, for instance, it is estimated that the banks will be asked to provide \$1,500,000,000 for the renovation of industrial equipment upon which repairs have not been maintained during war, for the reconversion of munitions factories to a condition suitable for their former uses, for the purchase of materials, and for necessary working capital. Expenditures for these purposes, it will be recalled, will cover only part of the cost of reconstruction in the United Kingdom.

To meet such requirements larger and more powerful banking institutions are being created, through consolidations. As now constituted, the largest of these institutions are the London City and Midland with \$1,500,000,000 in deposits, Lloyds Bank with \$1,215,000,000, the London County Westminster and Parr's Bank with \$1,150,000,000, Barclays Bank with \$1,060,000,000, and the National Provincial and Union Bank with \$880,000,000.

In the creation of these great institutions, Englishmen have with good cause had an eye upon German banks. Kaisers may fall, and German finance may go to wreck and ruin, without greatly affecting the possibilities of disturbance possessed by these German banks. Londoners have watched the Deutsche Bank with its \$1,500,000,000 of deposits and its subsidiary





group of institutions which bring aggregate deposits under one control to \$2,250,000,000, the Disconto-Gesellschaft with its \$1,000,000,000, and the Dresdener with its \$850,000,000. Clearly, the British are prepared for any eventuality from that quarter. They are not unmindful, either, of the possibilities of our War Finance Corporation with its capital of \$100,000,000 and its power to create credits of \$600,000,000, or of the American banking system which may soon be turning to the task of supplying half of the \$10,000,000,000 that France may need for its rehabilitation.

Naturally, the maintenance of London as the financial center of the world has a place in British plans. Against branches in foreign countries there seems to be a decision, on the part of the large institutions. Their point of view is that such branches tend to create competition abroad against British exports. They apparently prefer to have foreign banks as correspondents. Thus, they hope to continue London as the place where transactions in all parts of the world are settled—buyers paying in exchange on London and sellers getting their money in London funds.

The banking movement is apparently part of the British programme for a new measure of national efficiency.

### Siberia Will Surprise the World

**E**CONOMIC missions are a habit with Japan. During the war it has sent them to many parts of the earth. It has now despatched an economic commission to Siberia.

The exact personnel does not seem to have been announced, but appears to include officials, economists, and business men. That it is an important body is plain from its staff; it has about fifty secretaries and assistants.

Canada has followed suit. On the first of November it announced a commercial mission would proceed to Siberia to investigate the opportunities, present and prospective, for increasing commercial interchanges and the particular lines along which Canadian experience and industry might best contribute to the rehabilitation of Russian business activities and the development of natural resources. For the present the Canadian mission is composed of three officials and a railroad man, but it will be increased by representatives of mining, agriculture, banking, and manufacture, who will go to Siberia early in 1919. The Canadian plan is under the Minister of Trade and Commerce.

For ourselves, we apparently have some sort of economic staff in Siberia in addition to the railroad men, and a Government corporation with \$5,000,000 capital has been announced as an intermediary in transactions which otherwise could not be handled. On the whole, however, very little has been said about such activities as we may be undertaking, with our War Trade Board as the governing body.

### Enforced Peace: What England Thinks

**T**HE League of Nations has had some discussion in England where an analysis made in the course of debate in the House of Lords is considered the best statement of the British view of what is practicable.

According to this analysis, the covenanting nations would guarantee one another against attack from a country outside the league. At the same time, they would set up arrangements for peaceable settlement of disputes between any two members, with a provision that a member that refused or neglected to accept the decision would be excluded from the league. In order to enforce submission of disputes to amicable settlement, there

would be a provision that if a member made war upon another member the membership of the aggressor would ipso facto cease. Upon an attack by a non-member upon a member, whether the attacking nation was originally outside the league or had terminated its membership in such a manner as is mentioned above, all the members would forthwith cease diplomatic and commercial relations with the non-member.

Such an organization would, of course, need no executive body. In the English view this could be a Council, with a representation from each of the members.

### Seaman's Act Reaches Supreme Court

**T**HE Seaman's Act, which had its share of public attention in 1915, when it became law, has now got to the Supreme Court. At least, two sections of the twenty in the law have that distinction.

When the court decides the pending cases it will say whether or not we can give a British sailor on a British ship entering our harbors a right to demand forthwith half the wages due him and incidentally acquire all the facilities to desert his ship, and whether or not a captain on entering an American port must pay to members of the crew any sums obtained from their wages by a crimp in a foreign port. In one of the cases that have gone to the Supreme Court a crimp at Buenos Aires acquired a seaman's wages for a month as compensation for a wave of his hand.

### Peace Conference Please Note

**T**HE parlor as an institution has been in a precarious situation. The fact is that the question of its entire elimination from civilized dwellings became so acute that a committee of the British Ministry of Reconstruction has solemnly placed the parlor on trial for its life. Eventually, the jury returned a verdict to the effect that the parlor is still essential to human happiness and well-being. For this conclusion, we are told, many excellent reasons were stated, but as yet the censor or some other officious personage has kept them from us.

### Cow's Larder Is Safe

**S**ILOS, figuratively speaking, are a sore subject with the War Industries Board. Pretty nearly all the telegraph lines and postal routes in the country have been converging in the offices of the Board with a flood of messages of one tenor, to save the silo from restriction!

Being wholly innocent of untimely intentions toward the silo, and perhaps with a human desire to lay hands on the man who has scattered rumors to the contrary, the Board says it is mindful of the importance of silos as a means of stimulating production and preserving feed and that, speaking generally, it looks with favor upon their construction.

### Coal Makes Good

**C**OAL production in the first half of the coal producing year was greater than in any other six months of the country's history. Bituminous increased twelve per cent over the record-breaking production of the corresponding period of 1917. And this in spite of the loss of some hundred thousand coal miners to the army and to other war industries!



# A Cure for Scientific Management

A Canadian paper mill has evolved a new formula for boosting output

By ROBERT B. WOLF

Manager, Spanish River Pulp and Paper Mills

**M**ODERN industry has, to a great extent, made life in our large manufacturing plants almost unbearably mechanical. As a result, the workmen are in many cases in open rebellion against the entire system.

The success we have had in making the work of our paper machines interesting and therefore attractive to our machine operators will, I feel sure, prove helpful to others. The philosophy underlying our experience is, of course, not in any sense confined to the paper industry, and from previous experience I know can be widely extended.

The trouble arises clearly from a lack of realization of what human life is for. Therefore, an analysis of the qualities in work which attract or repel us would surely be most helpful and, if carried far enough, should reveal something of the meaning of life and of the individual's relationship to his whole environment.

While we worked out the philosophy underlying the methods of organization in another plant, the particular illustrations given are from the Spanish River Pulp and Paper Mills' plant, at Sturgeon Falls, Ontario.

Inasmuch as we were having considerable trouble with uneven weights of paper, we began recording the operations of our machines. We determined to go at this problem from the quality basis, as our previous experience had indicated that the quality records were the most important. Quantity records, we found, usually tended to make hard feeling among the men; as many of you have probably observed, one machine crew disputes with another because of a difference of opinion as to who should be credited with a roll at the end of a shift. I found that the international officers of the Paper Makers Union felt very much the same way about it and were inclined to be instinctively opposed to the posting of production records.

Quality records, however, are of a different nature, as they bring into play the reasoning, thinking power of man much more than quantity records. The latter reflect the physical side of his nature rather than the intellectual side. Wherever the competition is on a quality basis, cooperation results, and cooperation of this nature does not diminish the spirit of emulation, but on the contrary tends to strengthen it.

I would like to explain the causes leading up to our decision to keep these records. In the first place, the publishers are very particular about the weight of the paper they use. A ream should weigh exactly 32 pounds, as this is the standard weight for newspaper. If the paper runs lighter than this, it is apt to cause breaks in the pressroom, and if it runs heavier, a publisher will not be able to get as many editions out of a ton, and his paper cost will increase in proportion. Therefore, the

main problem is to make an absolutely uniform weight of paper, which has a good finish and at the same time elasticity without the objectionable "fuzziness."

In the ordinary course of events, the publisher makes a vigorous complaint to the sales office, who will pass the complaint along to the manager's office. We then take the matter up with the superintendent, and he in turn passes the "kick" along to his assistant who passes it along to the boss machine tender, until it finally reaches the machine tender or back-tender or any member of the crew who is responsible. Things will go along fairly well for a time, and then the process is repeated and each time we have to think of a new way of expressing the same old "kick."

Realizing that the problem was to produce a desire upon the part of the machine crew to get the results we were after, we put on each shift a man whose duty it is to test samples every time a reel is changed.

There is one man for each two paper machines. He keeps a complete record of weights and moisture tests, putting it in graphical form for the machine tender's benefit, while the machine is in operation.

The progress report of each man, showing how well he conforms to the ideal standards, is computed during and at the end of the shift. The next day these progress reports are furnished the men.

## Man, Not Machine, Master

**T**HE average to date record begins all over again at the end of each four weeks' period. The reason for indicating the standing of the men on a period average rather than the day's average is that it tends toward greater continuity of effort, which is a source of much greater satisfaction to the workman. It is the steady progress that really counts, and not the spasmodic, spectacular high record for any one day. The record, to give joy to the worker, must reflect the constant, steady inner urge which indicates the degree of his mastery of the forces he controls in the day's work.

The improvement in the records in five

## The Speed Limit In Production

**I** AM as adverse to "scientific management" as I am to scientific employment. The whole theory of scientific management is essentially foreign to the human element and is destructive of individualism and therefore of progress. Pride of work, not pressure, keeps production at top speed. I hold it to be inhuman to work men as though they were machines; in addition to being inhuman it is bad business.

JOHN NORTH WILLYS, President of the Willys-Overland Company.

weeks is very noticeable. The records six months later, however, show how completely the men became masters of the machine. From the earlier records it is evident that the machine was more or less controlling the men who formed a part of it. By the later records it could be easily seen that the machine was completely under control and was literally an instrument for expressing

the man's mastery of the science and art of making paper. The difference is enormous!

Progress records reflecting quality of work produce a spirit of friendly rivalry which increases good will among the workmen, and in no sense makes for hard feeling, as exists very often when the records are purely production records.

We do not pay a man more money for a good record, but pay the prevailing union scale for all positions in our plants. These are adjusted each spring by joint conferences with our men. In this way we keep a proper wage balance between the different classes of work in proportion to the skill required, and as a consequence avoid all the innumerable difficulties which confront the piece work system, task and bonus plan, and all other direct payment methods.

## Creative Instinct the Key

**P**ROGRESS records can be either of quality, quantity or economy. Quality records are, perhaps, of the greatest importance. They bring the individual's intelligence (brain power) to bear upon the problem and as a consequence, by removing the obstacles to uniformity of quality, remove at the same time the obstructions to increased output. The desire to create new conditions takes the form of suggestions for improvements in mechanical devices.

This desire contains within it the germ of economic thought, which will unfold and express itself eventually in a request for cost records. The organization that neglects its opportunity to satisfy this desire is overlooking one of the great avenues leading toward intelligent productive effort.

In the old days, when the workman made the complete, finished article, it literally reflected his individuality, and, being a creation of his own mind, he found joy in its production.

We must either accept the illogical premise that the combining of men into large industrial production units is contrary to the natural law of life, or we must squarely face the fact that this creative instinct, which the old order satisfied, must be permitted in the new. At

first sight this may seem hopeless, but on further examination we find this not at all to be the case. We must begin to study the problem of giving workers the fullest possible opportunity for individual self-expression, determined to solve it. Its solution is the most pressing and vital question before the civilized world today.

In the interest of brevity Mr. Wolf in the above article has described only in general terms the experiments carried out in his own plants. A more detailed exposition of them, together with reproductions of charts used by Mr. Wolf, can be procured from the Technical Association of Pulp and Paper Industry, 131 East 23d Street, New York City.—THE EDITOR.



**H**IGHLY developed Domestic and Foreign Departments each organized to render a specialized service enable the IRVING to meet every requirement of international commercial banking.

## IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK



A COMMERCIAL BANK  
NATIONAL AND INTERNATIONAL



# Business Barometer Fluttered During Armistice Crisis but Still Reads "Fair"

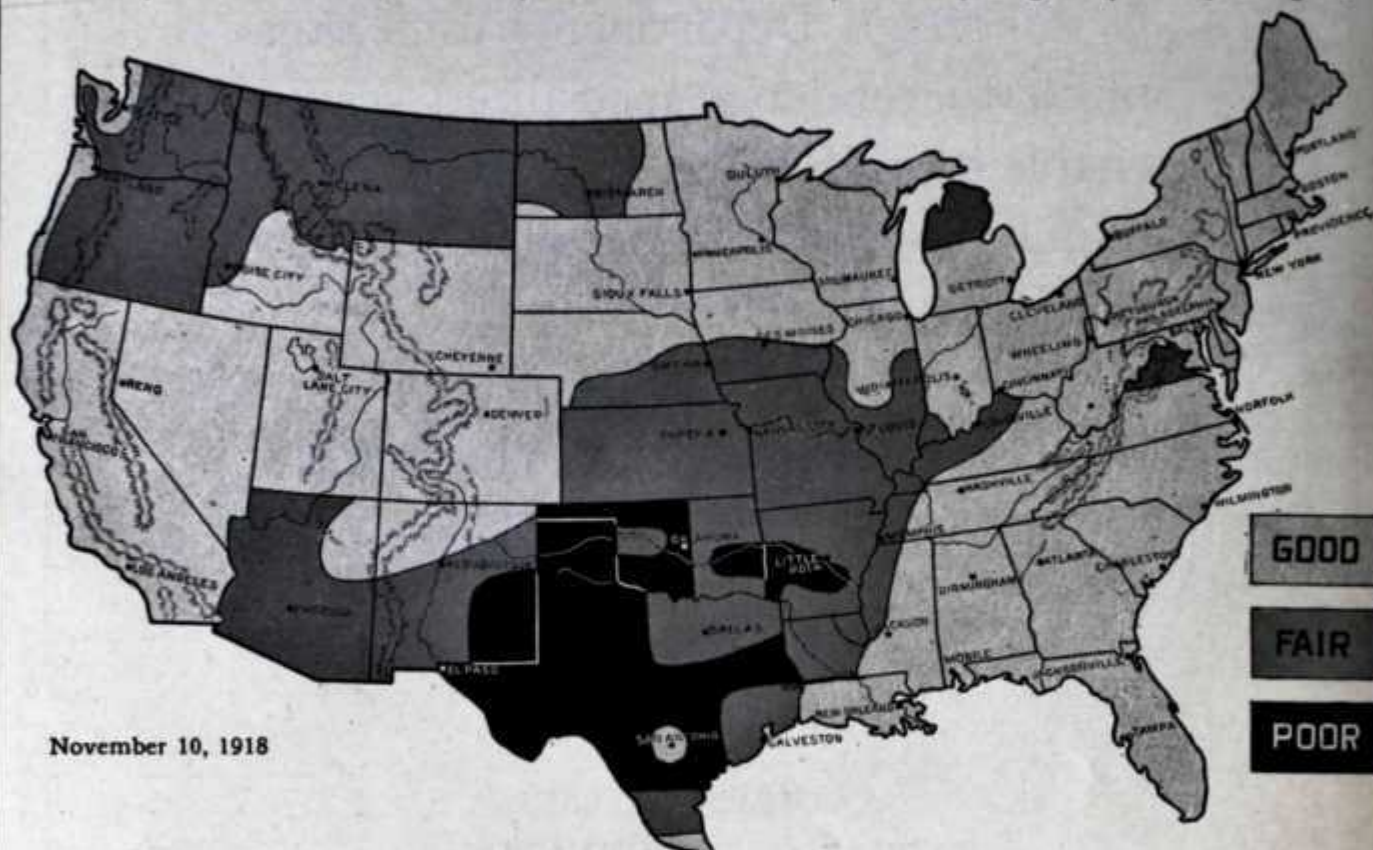
By ARCHER WALL DOUGLAS

**I**T was said of George Washington that among his other great qualities he reckoned the rare characteristic of always looking facts squarely in the face. And such is the attitude that will stand us in the most stead in the present emergency. Suddenly, coming like a thief in the night, we are apparently up against that great readjustment and realignment which we have been discussing and theorizing about during four long weary years, conscious, meanwhile, that there was little we could do to prepare for its coming and make its paths straight.

War's problems once solved, or else disposed of for a

whole story. The problem is purely mental, being simply the general attitude of the buying public, consuming and commercial. For it means either that buying and selling may go on much as usual, provided there be at least some assurance of no unreasonable decline in values, or else a general lack of confidence expressed in caution and apprehension with futile and foolish attempts to induce purchases by unduly low prices, a course which merely defeats its purpose by creating still further caution and apprehension.

We have done many things co-operatively during the



November 10, 1918

long time, merely shift the scene to greater social, political, and economic questions whose full answers may not come for some generations.

What we shall most need in the immediate future is the courage and common sense not to get stampeded nor to imagine that the uncertainties and problems which lie ahead of us are more sinister or more difficult of comprehension and solution than the formidable perils we have left behind.

Fortunately, the questions of overstrained financing or credit, which brought about the 1893 and 1907 panics, need not now concern us. In fact, among the many such fears no longer exist because of supreme confidence in the Federal Reserve Bank System.

It is perfectly obvious that prices in general must decline to a lower level, despite much foolish talk to the contrary. The real question is as to the manner of such descent, whether it be precipitous or orderly, for therein lies the

war and shown much team work for great purposes, and the same spirit still exists for sane and constructive programs if it be only evoked and properly guided. One fundamental policy is that of staying in the middle of the road and going on normally as far as lies within us.

The volume of business has been adversely affected for the time by the enormous amount of money subscribed for the Fourth Liberty Loan and the widespread ravages of Spanish influenza. Among the factors of success which put the loan "over the top" was the universal and enthusiastic participation of almost every social and economic organization in the country. This was especially true of women's clubs which are inherently patriotic and constructive in their purpose and activities. In fact, they do not come in any other styles. Their patriotism always assumes the form of service, of doing something for somebody, and this latter phase they illustrate in the rural districts by a co-

(Continued on page 40)



# SCHIEREN BELTINGS

A Story in  
Twelve Parts  
Part 5.

## *Tanning Vats*

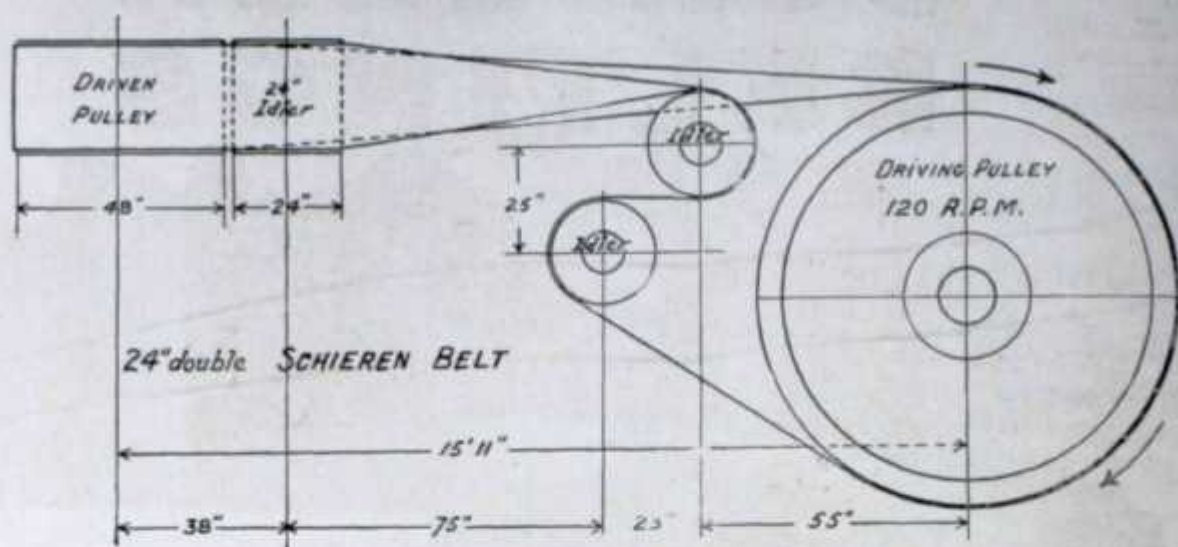
THE hides are taken from the "handlers" and placed in layers, one on top of the other, in vats called "Lay-Aways."

Loose bark is spread between the hides and the vats are filled with tanning liquor.

The first layer remains ten days and the process is graded up to forty days for the last layer, in which manner the best oak-tanned leather is submitted to a tanning which takes a total of 130 days for the attainment of best results.







Layout of Drive Illustrated Opposite

On unusual drives, even the larger firms with engineering departments find it to their advantage to make use of

## SCHIEREN Engineering Service

So many things have a bearing upon the life of a belt,—and all must be considered at their respective values—that EXPERIENCE in belt manufacture, belt application, and belt service counts quite as much, or more, than rules and formulas.

Schieren Engineers have behind them the experience gained through fifty years in this one business and their advice is sought and relied upon more and more as the demands for greater production become insistent and the problem of delivering power to the machine is seen and recognized at its true value.

Reliance upon such experience would be the part of wisdom in many instances and in some, it might add for you a "factor of safety" insuring best results from proposed belt drives.

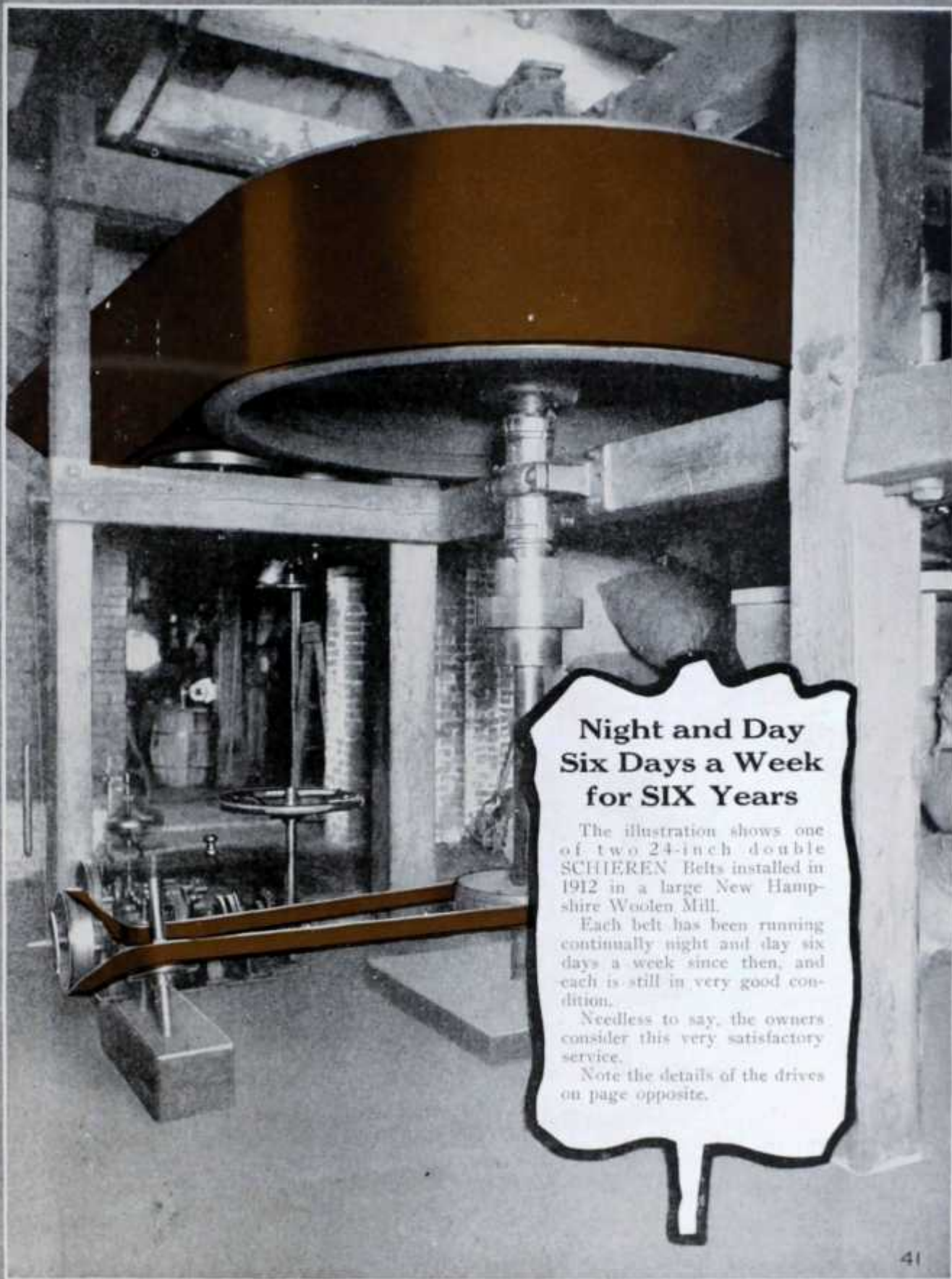
Schieren Engineering Service is rendered entirely free. Blanks for taking advantage of it will be sent those interested upon request. Address: "SES" Dept.



Registered in U. S. Pat. Office

*Chas. A. Schieren Company*  
ESTABLISHED 1868  
New York





**Night and Day  
Six Days a Week  
for SIX Years**

The illustration shows one of two 24-inch double SCHIEREN Belts installed in 1912 in a large New Hampshire Woolen Mill.

Each belt has been running continually night and day six days a week since then, and each is still in very good condition.

Needless to say, the owners consider this very satisfactory service.

Note the details of the drives on page opposite.



## "How soon can you equip my plant with DUXBAK?"

Belting that will give the maximum production during the War-Rush period with an assurance of not having to be replaced when hostilities cease and keen competition arrives, is the kind careful buyers seek today.

DUXBAK, applied now, will be giving good service many years hence, and it will always deliver more power than any other belting.

We will gladly put you in touch with our nearest Branch House and Stockroom.



*Chas. L. Schieren Company*  
Tanners  
Belt Manufacturers

Main Office and Factory

75 Ferry Street, NEW YORK

Oak Leather Tanneries, Bristol, Tenn.

Branches  
Everywhere





# Getting Work and Worker Together

Handling the deepest of human instincts, home-making, the Housing Corporation redraws our industrial map, besides designing cottages, shifting population, building towns

By OTTO M. EIDLITZ

*President United States Housing Corporation*



THE building of houses is the last thing the United States Housing Corporation does. It is true that the Bureau of Industrial Housing and Transportation and its functionary the United States Housing Corporation were created to consider and solve housing problems arising in industrial areas where Army and Navy work is being conducted but the actual construction of new dwellings is positively the last step in any solution.

This does not mean that there is any unnecessary loss of time in building houses if it is found, after consideration of the various factors involved—as is later pointed out—that the creation of new housing accommodations is absolutely required. It does mean, however, that before construction is begun the situation is minutely scrutinized and all elements carefully studied. Speeding up war work is the basic idea underlying this Bureau's activities. In fact, in the original instance the Bureau had its conception in the needs of the Army and Navy for housing in industrial centers, dealing in contracts for these two departments.

Lack of good housing was found to be one of the prime causes for labor turnover in industrial areas. To eliminate the labor turnover and to be a clearing house for housing difficulties arising in connection with Army and Navy contracts were designated broadly as the "why" for its creation.

Another vital function of the Bureau is to emphasize to each community the necessity of solving its own housing problem and working independently of Government aid.

After all, it depends upon the wisdom and foresight shown by each community itself in handling its war problem whether the increase in population due to war work will be made permanent or whether it will fade away as soon as peace is declared.

Each town and city must set its own house in order and arrange itself to make its war growth a permanent addition. This point cannot be over-emphasized, because if wisely handled by the locality itself the housing problem can be so solved that there will be no ill after-war effects. Improperly treated, a flourishing war-industry center will be in much the same position after the war as a boom town after its first flush of prosperity.

In a few instances manufacturers did undertake to create new housing for added labor. Those who looked that far into the future were well rewarded by keeping their organizations

per cent per month, as was the experience of many others who did not anticipate the coming events on broad enough scale.

Conditions were such that no man could accurately read the future. All previous experience of manufacturers contributed but little towards solving the unprecedented problems presented to them by this colossal emergency. It was necessary, therefore, to begin at the beginning.

## Statistics, More Statistics

IT was beyond the power of anyone to hazard even a guess as to what housing was required even in communities that appeared to be most congested. To build wholesale and in a haphazard manner thousands of houses at points where there appeared to be a need for housing for war workers, would have been a thoroughly unsound policy. Obviously the Bureau's first business was to investigate conditions.

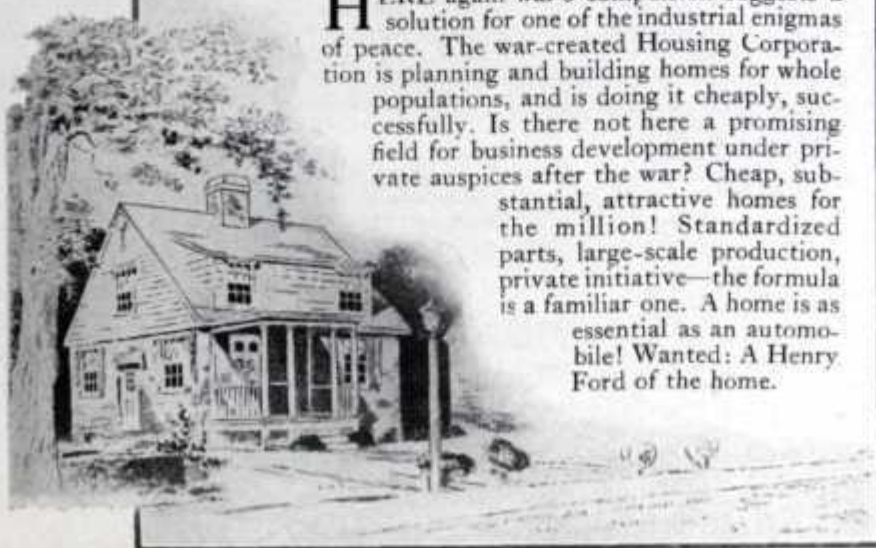
Acting on suggestions from the Army and Navy only, and at such points as these two departments indicated, the Bureau, through the Homes Registration Division and Division of Surveys and Statistics undertook to ascertain exact conditions in the localities brought to its attention.

It was necessary to determine to what extent existing housing capacity was being used and if nearby communities could conveniently provide additional facilities. The possibility of transferring future contracts to less congested communities had also to be considered. Another phase of the question was the degree of promptness specified by the Army or Navy in the fulfilling of contracts. In some cases it was found practical to slacken production or postpone deliveries, thus temporarily relieving the congestion so that attention could be directed to communities

where speed in production was imperative and the need of assistance more urgent.

## "Business Opportunities"

HERE again war's compulsion suggests a solution for one of the industrial enigmas of peace. The war-created Housing Corporation is planning and building homes for whole populations, and is doing it cheaply, successfully. Is there not here a promising field for business development under private auspices after the war? Cheap, substantial, attractive homes for the million! Standardized parts, large-scale production, private initiative—the formula is a familiar one. A home is as essential as an automobile! Wanted: A Henry Ford of the home.



intact and by not having their energies dissipated by a labor turnover of many hundred





On account of lack of housing, thousands of young women who streamed into Washington to do war work, left again, discouraged. Homes for 7,000 of them, a city of dormitories, as shown above, were speedily built on vacant lots by the Housing Corporation. An informal, open-air lunch hour is shown on the left. Examples of the new industrial homes are shown on page 29.

dilapidated condition through being untenanted and located in communities which were sparsely settled, until war demand filled them up.

For at least two years prior to this country's entry into the war, the nation's machinery for production of war equipment was in a large measure occupied in filling contracts for the Allies. When this country's demands were pyramided with those of the Allies there were but two things to be done; either increase the size of the plants already operating, or build new ones. Before new plants could be constructed huge contracts, many times larger than those previously placed by the Allies but proportionate to the war program of this country, were dispatched to all industrial centers.

### Home Versus Country

**T**HE inevitable congestion followed. Much needed war materials were delayed, not so much by the inability of manufacturers to expand their plants, or to build new ones, as by their positive impotency in providing adequate and proper housing facilities for the essential labor which constitutes an integral part of the output.

Labor was called upon to man machinery in plants doubled, tripled, quadrupled, and even expanded to many times their original size. Labor, skilled and unskilled, attracted by large wages, made the best of temporary housing but seeing no prospect of immediate betterment from hopelessly congested conditions threw up their jobs and went home to smaller wages but more comfortable housing. The labor turnover was unprecedented.

It was found that unskilled labor and single men will tolerate temporary housing. The skilled man, accustomed to receiving a good wage, is unwilling to leave his family and home unless he can have reasonable accommodation. Even much higher wages will not tempt him indefinitely. He is patriotic but is unhappy due to conflicting emotions. Home ties and personal comforts are on the one hand, with patriotic toil under uncongenial and often unreasonable surroundings on the other. With the prospect of permanent housing in sight, he will often stay on the job, working many months under adverse circumstances. He

must be assured, however, that some day this condition will improve and that his family will be able to join him.

The skilled man is the one whose labor is vitally essential. He is the man who builds the intricate munitions and pieces of ordnance on which democracy is depending. He also is the man whom all communities are seeking to make a permanent resident and to whom all manufacturers are looking for efficient production. It is permanent housing that will hold him, not only for the war needs but for after-war production.

It has been found that, in many districts where war work was progressing, the necessary additional labor for the essential war industries could be recruited from the forces of the less essential, in the same neighborhood, if the less essentials would make concessions to the war industries, permitting their men to go over to the latter for the period of the war.

In case this readjustment has been made, the less essentials being cut to the minimum, and after the Homes Registration Service has ascertained that no more workers can be put into the communities' houses, without violating the principles of good housing, then the problem of building houses is taken up.

### New Task, New Method

**S**URVEYS by the Homes Registration Division and the Division of Surveys and Statistics proceed simultaneously in a detailed manner along with a general inspection by the town planners, engineers, architects and real estate men connected with the Bureau. Building houses is always held as a possible eventuality.

Just as all of the infinite problems born of the war are tremendous, far-reaching and unprecedented, those facing the Bureau demanding solution have no prototype in the past. There was no development in this country to which the Bureau could turn for examples of similar situation. The scale of the job in hand defied any close measurement by standards so far established.

Thus, when the Bureau, through the United States Housing Corporation, undertakes construction and has to acquire property, it does so through the Real Estate Division, in such a manner that pre-war figures for land are often

(Continued on page 31)

The Homes Registration Division was organized to make surveys bearing on the possibility of placing war workers in unoccupied quarters or in districts where there was more housing space than was actually required by the permanent population. In upwards of a hundred industrial centers surveys have been made. The Homes Registration Service goes one step further in that it establishes registries in each of the cities where it makes surveys. All vacancies are conformed to the principles of good housing, sanitation and morals, and, after thorough investigation, are placed on file at the registry. Generally their location is in the same office with the U. S. Employment Service so that a worker can get a job and a place to live by making one application.

If it is found, as in the case of Perth Amboy and Elizabeth, N. J., that by running a train about thirty miles to Asbury Park the housing question would be settled, then through the Transportation Division the Bureau makes just this arrangement. A differential was paid to the transportation companies involved in the above case so that the cost of commuting between home and work would not make too heavy an inroad on the war worker's earnings.

Such expenditures are made from the funds appropriated by Congress. Sometimes it is necessary to buy or loan equipment or give financial help, properly secured, to the traction company involved.

### Housing Weakest Link

**A** HOUSING situation may be relieved by repairing houses, hotels or apartments which can be made very comfortable with a comparatively small expenditure. Many times vacant buildings are permitted to fall into a



# ABERTHAW

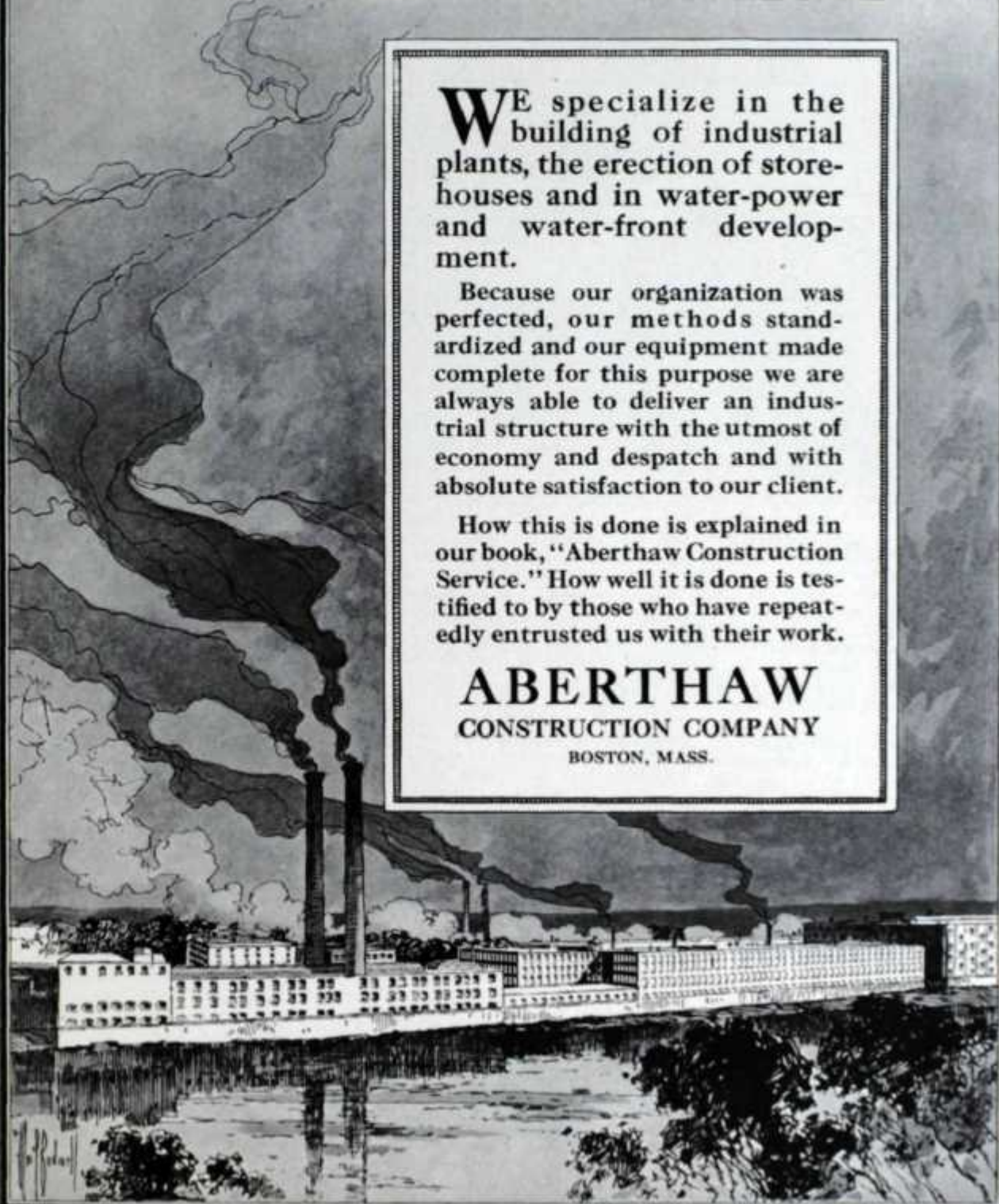
*for* INDUSTRIAL BUILDING

**W**E specialize in the building of industrial plants, the erection of store-houses and in water-power and water-front development.

Because our organization was perfected, our methods standardized and our equipment made complete for this purpose we are always able to deliver an industrial structure with the utmost of economy and despatch and with absolute satisfaction to our client.

How this is done is explained in our book, "Aberthaw Construction Service." How well it is done is testified to by those who have repeatedly entrusted us with their work.

**ABERTHAW**  
CONSTRUCTION COMPANY  
BOSTON, MASS.





# Little Stories of the Nation's Business

Thought-provoking items of our varied industries as they write a new page in their history

**VON HINDENBURG** purchased ten thousand dollars' worth of the last issue of American Liberty Bonds. The German military leader does not know yet that he has made the purchase and will not find out about it until after the war. A German-born woman school teacher, who died recently in a western city, in her will bequeathed ten thousand dollars to Hindenburg. A. Mitchell Palmer, Alien Property Custodian, was notified of the bequest and seizing the sum invested it in Liberty Bonds. The proceeds went to buy ammunition and now Pershing's boys have delivered the legacy to Hindenburg over in Germany. A great part of the German funds seized in this country have been put into Liberty Bonds. The Alien Property Custodian's office has purchased more than sixty million dollars' worth. Mr. Palmer has asked Congress to give him the power to pay out of the German property seized all claims that Americans have against Germany.

**DRIED FRUITS** have been a common article of food in this country for a great many years, but some attention has been paid recently to the drying of vegetables. The Department of Agriculture has just been given \$250,000 to develop processes for the dehydration of vegetables as well as fruits. The work has been put in charge of Lou D. Sweet, an assistant to Food Administrator Hoover, who has been called the "Potato King."

The Agricultural Department will start a campaign to increase the use of dehydrated fruits and vegetables. Calling attention to the necessity for a wider use of these foods the Department points out that eight million pounds of potatoes were lost in New York City last January after having been frosted in transit from the west.

The War Department is leading the way in the use of dehydrated products. Last spring the Army ordered and used fourteen million pounds of dehydrated foodstuffs at a cost of about three million dollars and has just placed orders for forty million more pounds to be delivered before July 1, 1919. This represents an expenditure of about ten million dollars. The orders call for potatoes, carrots, onions, and soup mixtures comprising eight vegetables.

**SAVE! SAVE!** The Government has preached saving from the beginning of the war and the American people have been glad to carry out its instructions; but the average family saving paper, rags, iron and scraps of all kinds has been puzzled to know how to dispose of this material.

**WAR** centralizes. Washington is today the industrial as well as the political headquarters of the country. The Nation's Business is extremely fortunate in that it is at headquarters. It is able to keep its readers informed of tremendous overnight changes. In this larger task we meet daily incidents, at once intensely human, entertaining and seldom uninteresting. These we publish here in the hope that the executive away from his Capital may enjoy the personal, close-up sidelights of post-bellum Washington.—The Editor.

Uncle Sam is preparing to help find a way.

The Government has long felt the need of a national salvage system and recently the condition has become more critical, especially in regard to the paper and pulp industry. To the end of obtaining an adequate method of collection, the War Industries Board has organized a War Prison Labor and National Waste Reclamation Section and is working out a plan by which every organized community will take care of the collection and disposal of waste materials.

**THE AMERICAN FLAG** has been a stranger in most foreign ports in recent years. Many of the ports of Europe, however, have become familiar with the flag since the United States went to war. Chairman Hurley of the Shipping Board, who is urging that steps be taken for providing facilities abroad to handle shipping which will be afloat under the American flag in peaceful trade after the war is over, tells the story of an American consul who served recently at a Spanish port. One of the consul's agents from another port visited him.

"Have you cleared a ship flying the American flag?" asked the consul of the agent.

"No, I haven't," was the reply, "and if the ship had to be cleared I wouldn't know how to do it."

At Queenstown, Ireland, one of the greatest ports of call in the world, no vessel flying the American flag had appeared in more than nine years until early in 1915, says Mr. Hurley. This is true of many other ports.

**SHIP CARGOES** always have unloaded with considerable lost motion. Manufacturers of handling machinery are now working out with the Shipping Board plans to improve facilities for handling cargoes at ports. The manufacturers have been asked by the Port and Harbor Facilities Commission of the Shipping Board to make a careful study of the entire port situation in the United States to the end that new and ingenious methods of handling cargoes in ports may be developed in conjunction with the best arrangement of piers, warehouses and other terminal facilities. Improvements, particularly in machinery, are desired, not only to expedite the movement of supplies to France, but also to put the American mercantile marine in a position to meet the keen competition that is expected to come after the war.

**RED TAPE** has been abolished under a plan by which exporters will be required to make but one application for export license. The application will go to the War Trade Board which in cooperation with other Government agencies will make proper investigation and give consideration to the applicants' claims for priority and so

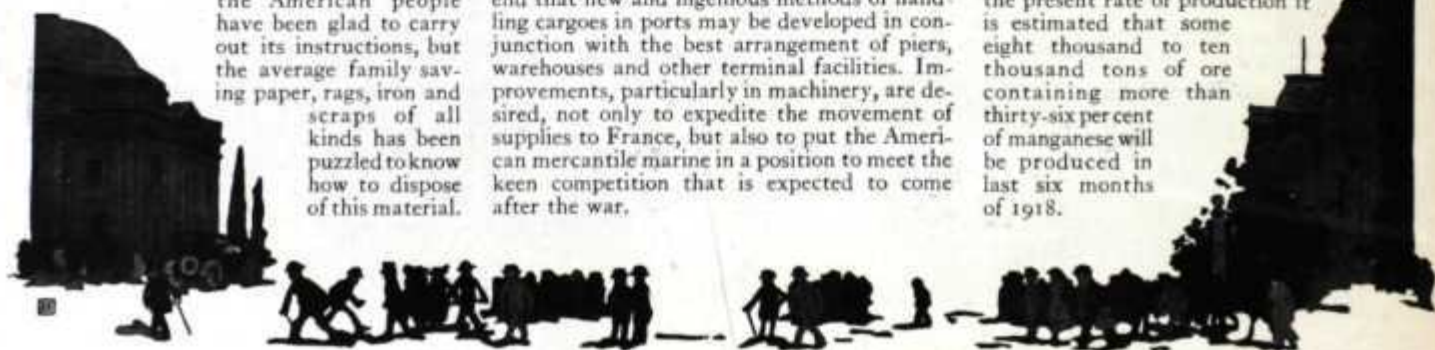
forth. When an export license is issued it will carry with it such priority rating as may be determined by the Priorities Committee. No order for special manufacture of any article intended for export is to be placed or accepted until an export license has been granted.

**SNOW AND ICE** do great damage to highways. Experiments conducted in Connecticut show that when snow is permitted to remain on the roads the surface is cut by deep ruts which are difficult and expensive to repair. The State of Connecticut passed a law obligating the Highways Department to remove snow from trunk lines, and this action has saved thousands of dollars. This year the Highways Department will use a large number of snow plows attached to trucks and will bring into use tractors and road machines of all kinds.

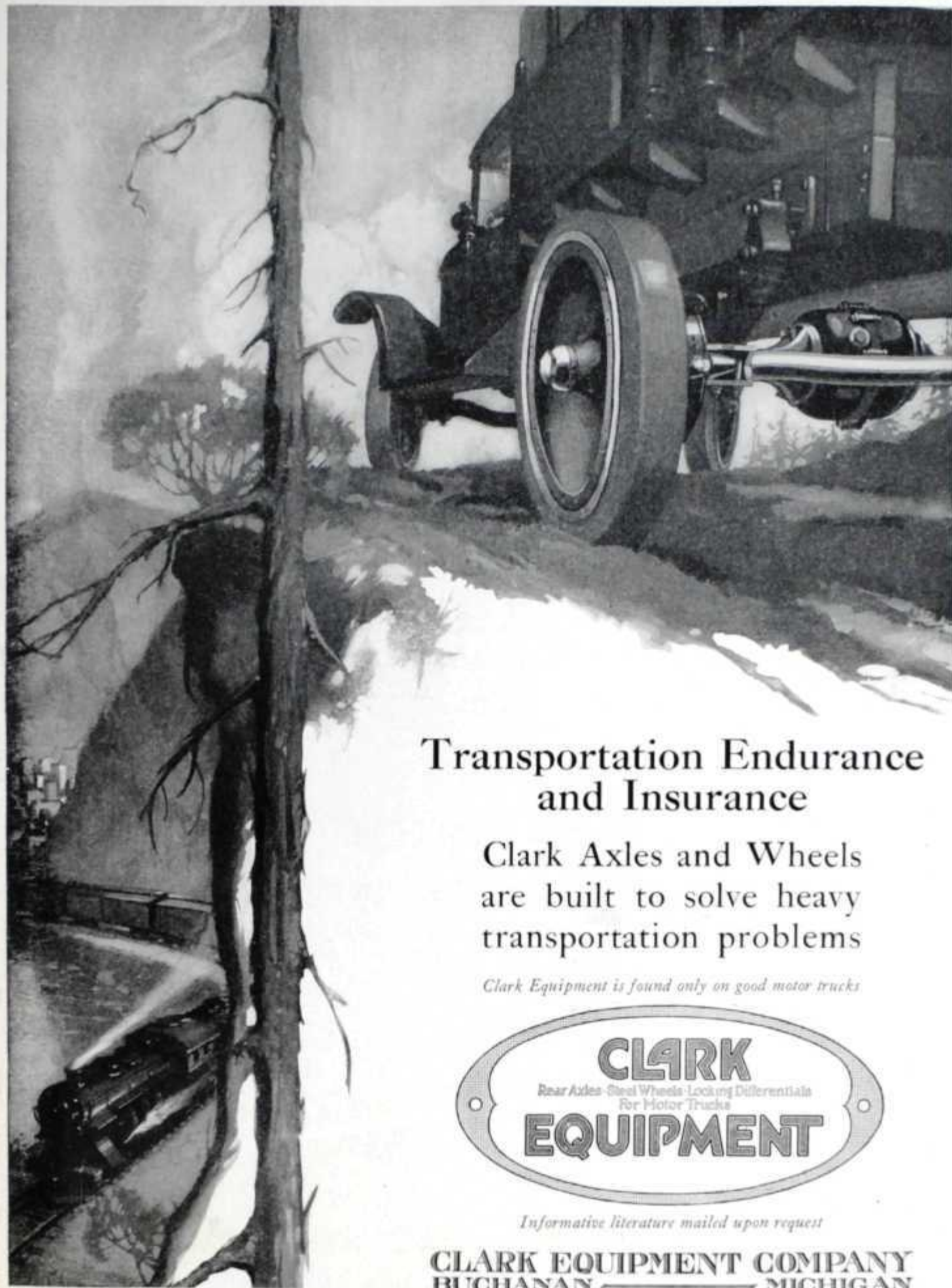
**INEXPERIENCED HELI** increases the number of industrial accidents. Pointing out that the 30,000 killed each year and the 3,000,000 injured in industrial establishments, if reported in casualties from the battlefields would startle the country, Secretary of Commerce Redfield urges that every effort be made to protect the lives and welfare of workers while many plants are filled with new employees.

"There is real danger," says the Secretary, "that in our sympathetic and proper thought for the soldier in the field we may lose sight of the soldier in the factory who has his casualty risks as well as his brother in arms."

**MANGANESE ORES** have been found in large quantities in the arid regions in the southwestern part of the United States. Some of the deposits already are producing. Many of them are far from the railroad and several of the larger deposits are so difficult of access that the ore from them cannot be marketed properly. The greater part of the ore mined is shipped to smelters east of the Mississippi and is used in making ferro-manganese. At the present rate of production it is estimated that some eight thousand to ten thousand tons of ore containing more than thirty-six per cent of manganese will be produced in last six months of 1918.







## Transportation Endurance and Insurance

Clark Axles and Wheels  
are built to solve heavy  
transportation problems

*Clark Equipment is found only on good motor trucks*



*Informative literature mailed upon request*

**CLARK EQUIPMENT COMPANY**  
BUCHANAN — MICHIGAN





National Steamship Bank of Boston. Established 1837. Capital and Surplus, \$10,000,000.

## Protectograph Check Writer



Todd Two-Color  
Patents

**TEN DOLLARS SIX CENTS**

THE WORLD'S STANDARD OF PROTECTION

Writes and protects the full amount in the body of the check. Writes amount in dollars and cents (words, not figures) exact to the penny, in two vivid colors "shredded" through the paper. A complete word to each stroke of the handle. Quick, Legible, Uniform. Standard model, as illustrated, \$50. Other models in all sizes and prices up to \$75.

**GWTCO  
PROTOD  
BOND**

**PROTOD** Forgery-Proof Checks and Drafts are printed or lithographed to order only for owners of Todd machines only.

**PROTOD** defeats the "professional" forger. Chemicals in the fibre of the paper prevent changing the name of payee to some other name or to "cash" or "bearer," etc.

Every sheet of **PROTOD** is checked and safeguarded like U. S. bank-note paper, so there is no way for a crook to duplicate a genuine **PROTOD** Check.

**TODD PROTECTOGRAPH CO.**

(ESTABLISHED 1899)

1174 University Avenue Rochester, N. Y.

World's largest makers of checks and check protecting devices

## How Much in the Bank?

That's the "question of the hour" in most any office.

Not, how much are you worth, but how much in the bank, subject to check.

It's the bank balance that furnishes the vital spark—to meet payments, to keep things moving. If something goes wrong with your checks the "spark" goes out. That involves negotiations with your banker and maybe a whole lot of trouble to get things going again.

In these days when practically everything is done through banks, by check, there is no excuse for failure to use—

## TODD SYSTEM of Check Protection

Protectograph Check Writer to prevent "raising" of the amount of any genuine check. **PROTOD** to prevent tampering with checks and common forms of forgery. The Todd System carries a valid Indemnity Bond legally insuring the user and his bank, jointly. It is iron-clad and leak-proof. It means real security for every going concern.

A famous forger known as "Scratcher," now in State Prison, has just written a little book, telling the sad story of his downfall through easy money on checks—"inside information."

Pin this coupon to your business letter-head and you will get a copy free.



**TODD  
PROTECTOGRAPH CO.  
ROCHESTER, N. Y.**

Send to address on my letter-head copy of "Scratcher Sends a Warning."

Name

N. Y. - 11-12-18

## Unified Command of the Nation's Money

(Continued from page 19)

Commerce of the United States has been strongly supported by the Institute for Government Research. This is an institution established in 1916 to study and aid efficiency in governmental administration.

From its beginning the Institute has held that its greatest service lay in the promotion of the movement for the adoption of a scientific budget system by the national and state governments.

Although the budget idea is relatively simple, the actual work of outlining the form of the budget and methods to be followed in its formulation and adoption, together with the Government machinery required, is decidedly complex. Hence the institute first set out to supply information on the leading budget system of the world and to make a scientific analysis of the problems involved in putting our national and state governments on a budget basis.

### Budget Literature

**T**HOSE things have been done. Five volumes have been published, furnishing the information needed by legislators and others concerned with the problems of the budget reform.

Both general and technical information on the budget systems of the three countries with the longest and most successful budget experience is given in the volumes entitled "The System of Financial Administration of Great Britain," "The Budget," a translation from the French of Rene Stourm, and "The Canadian Budgetary System." A detailed statement of the steps that will have to be taken by the national government to go on a budgetary basis, and evaluation of the steps that have been taken by the various states in this direction is given in "The Problem of a National Budget" and "The Movement for Budgetary Reform in the States," both prepared by the present writer and just coming from the press.

The nature of the action required is set forth in the report of the Committee on Budget and Efficiency of the Chamber of Commerce of the United States, which we have presented. First and fundamental is the principle that the President shall inform Congress of the financial needs of the Government and the methods by which the funds shall be raised.

The budget by which the President would, under this plan, inform Congress should be a report, an estimate and a proposal. It should be much more than a mere compilation of estimates of expenditure such as the present Book of Estimates, made up by department heads, sent to Congress by the Secretary of the Treasury.

It is essential that the budget as sent in by the President shall report on what has been done, what it cost, the condition of the treasury, what is to be done, and how it is to be financed.

For the purpose of clarity it should be pointed out that the whole communication to Congress which we may call a Budgetary Statement would be made up of three components.

### New Plan by Steps

**F**IRST comes the budget proper, including a report on the last completed year, the year in progress and the year to come, in the form of balanced statements, so compiled as to enable a comparison by totals and items for the three years. Then to make this document understandable it should be accompanied by a



# Uncle Sam Says "68 degrees"

is the normal temperature for the home.

Watch your thermometers. If the temperature goes above 68° you are wasting coal. A little co-operation by you and every other householder will save millions of tons for our War Ships, Railroads and War Industries. Help save the Nation's coal supply. Hang

## Tycos THERMOMETERS

in the rooms of your home, burn less coal and you'll enjoy better health.

There are none better than *Tycos* Thermometers.

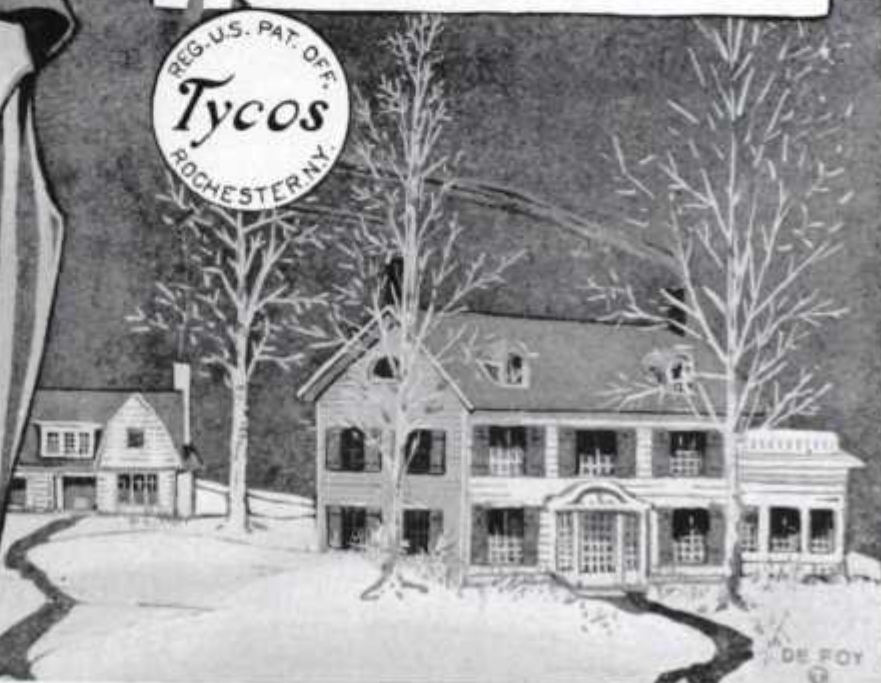
Guaranteed absolutely accurate and thoroughly reliable.

Made in all types, sizes and styles.

Ask your druggist, hardware or optical goods dealer.

*If he cannot supply you,  
write direct to us.*

*Taylor Instrument Companies  
Rochester, N. Y.*







# THRIFT PARTNERS

In W. S. S. and Thrift Stamps the Government is building for thrift throughout the nation.

Patriotism is the appeal—thrift the reward.

In *W. S. S.* Green Trading Stamps, thousands of merchants pay millions of customers a substantial discount in appreciation of their cash patronage. By means of these tokens, they encourage thrift, economy and the beneficial practice of "pay as you go."

Every *W. S. S.* Stamp saver is an enthusiastic exponent of Thrift and, therefore, knows well the value of W. S. S. and Thrift stamps as tokens of saving in addition to their patriotic appeal.

In *W. S. S.* Stamps, and the millions of frugal housewives throughout the nation who save them, Uncle Sam finds invaluable Thrift partners.

Everyone must buy W. S. S. and earn money. Everyone should collect *W. S. S.* Stamps and save money. The former pay interest on money loaned—the latter on money spent. They dove-tail together like birds of a feather.

**The Sperry & Hutchinson Co.**  
2 West 45th St. New York City

balance sheet on the resources and liabilities at the beginning and close of the year reported upon and summary and analytical tables to bring out important features from the various significant viewpoints. The third component is the proposed report of the President in the form of a general budgetary message and the administrative reports of the heads of departments and services.

Thus we assemble the Budgetary Statement, a collection of documents calculated to be the basis for intelligent action in the adoption of a financial and work program for the future.

This Budgetary Statement should be laid before Congress at the opening of the session. It is suggested that this might well be the subject of the President's annual message. All other matters might be left to special messages to be sent in from time to time.

## Specialists For President

**I**F this were done the President's annual message and accompanying documents would correspond to the annual report of a corporation president at the annual meeting of the stockholders. In other words it would be business procedure.

Another highly important step is the establishing of a special service under the President's direction to give him expert assistance in compiling data and examining departmental requests for funds. The imperative necessity of this service is probably not generally appreciated. A large amount of careful work must be done. Also such a service would furnish the President with an agency long needed for purely administrative affairs. This service, it may be added, should be empowered to prescribe and standardize systems of accounting.

The fourth step is the provision that Congress shall consider the budget as a whole. This can best be handled by referring it to a

committee with exclusive jurisdiction over appropriation measures. Sub-committees can divide the preliminary labors.

The fifth step contemplates that the Committee on Appropriations shall report to the House in a general appropriation or budget bill, and with a report on features in which the budget bill diverges from the President's budget.

It is obvious that the budget bill should be so drawn as to allow a reasonable latitude in the expenditure of funds.

It will perhaps be noted that the question of the limitations, if any, which Congress shall put upon its right to modify the proposals of the President or of its Committee on Appropriations, has not been touched.

We have refrained from raising this question now, feeling that Congress is not ready to make any revolutionary change in the distribution of powers between itself and the executive. There is also the danger that such an issue would seriously imperil the budget reform movement.

## No Change In Powers

**I**T should be noted that the proposals offered contemplate no fundamental change in the powers of either Congress or the President.

The sole purpose is to enable Congress to consider executive proposals on revenue and expenditure not alone on individual merits but also as parts of the whole business of the United States Government.

The budget plan offered is in fact only an efficient system of procedure, a method of making effective the machinery of government we now have.

Now that the war is over and the days of reorganization are upon us, it would seem that Congress can not long refuse to take action. The need has never been so great as now.

## A Key to Our Industrial Future

(Continued from page 12)

Chemists, physicists were called in. They fell back upon new formulae; they evolved a new working hypothesis; they dropped the old formula and worked out a new one. After a few experiments success came. Porcelain! They had not tried that. A porcelain pot could be made in one month. Mr. Preston had used the wrong material. When the results were announced to him by letter (for he had gone home), he wouldn't believe it, and he came all the way back to Washington to see with his own eyes.

Results: five months saved to the war's industrial program; Mr. Preston's business has increased by leaps and bounds; there are no tricks in optical glass-making used by Germans or any other race which are not known in our own country.

## War Marvels Still Secrets

**S**TORIES like these, with the Bureau in the hero role, are endless. Stroll through its airy, modern buildings with Director Stratton, and in every office, shop, and laboratory, alive with the hustling activity of scientists, engineers and mechanics in khaki and overalls, working out the obtruse problems of this war of science, and he will point out to you cotton cloth which, with the help of textile manufacturers, has been made strong and impervious enough to take the place of linen for

airplane wings, the linen supply of the country having run out. He will show you a reproduction of a balloon-casing fabric which was made from a sample sent from France, was pronounced as good as any made in Europe, and is being used on our own ships heavier than air. He will show you ammunition gauges made accurate to the fifty-thousandth of an inch—measured against the inconceivably small, but forever changeless, wave-lengths of light. He will show you glass eyes as good as those made in Austria, which country before this war furnished the world's supply. If you have his confidence, he may tell you of certain new inventions, profound war secrets, worked out in the Bureau, marvels of science, which will seem as incredible to you as did the first news of wireless telegraphy, and which are in daily use by our fighting forces on land and sea.

"And bear this in mind too," Director Stratton will explain with his foot perhaps on the base of the first Liberty Motor assembled in this country, "while the Bureau's discoveries may mean the difference between victory and defeat in a war, their importance is even greater for the days of peace that always follow. There is scarcely a thing which we have worked out here for war purposes that will not later have its commercial importance. The war marks a turning point in the industrial history of this nation.





# Most Miles per Dollar

"THAT'S the tire I told my chief to buy because it rides easy, and that means it protects the truck, too." One reason why—

Half the Truck Tonnage of  
America is carried on

# Firestone

## TRUCK TIRES

FIRESTONE TIRE & RUBBER COMPANY

Firestone Park, Akron, Ohio    Branches and Dealers Everywhere

# Most Miles per Dollar



## We Design, Build and Equip Industrial Plants

and

### We Can Make the Most of Your Present Plant

To re-arrange equipment, re-model buildings, make minor additions for undeveloped departments, will frequently produce startling increases in production—and save labor and material essential for war purposes.

We are proving this to the satisfaction of many manufacturers.

A client writes, "We will leave this matter entirely to your judgment knowing that you will decide this question as though you were spending your own money, and buying for your own shop."

Another client for whom we prepared an improvement report writes us, "We wish to congratulate you upon the thoroughness in which you have covered the situation, and we are very much pleased with your work."

Now is a good time to confer with us regarding YOUR plant

### FRANK D. CHASE, INC. INDUSTRIAL ENGINEERS

Peoples Gas Building  
CHICAGO

Whitehall Building  
NEW YORK



SEALS STAMPS AND COUNTS  
250 ENVELOPES PER MINUTE

## \$1,000,000 SAVED

in handling 2,750,000,000  
postage stamps through



**M**AILING with the  
MAIL-O-METER is  
80% cheaper than by any  
other method, and saves  
man-power.

Now, when the saving of  
labor is an economic neces-

sity and a patriotic duty, let us show *you* how to save money.  
Writing today for Catalogue No. 4 is the first step.

### The Mail-O-Meter Sales Company

39 SOUTH LA SALLE STREET  
CHICAGO, ILLINOIS

"War's inexorable demand on our industries has forced them to make greater advances in the last fifteen months than during the three years preceding. Many good things will come out of this world conflict, but I can think of none greater than this."

"Just what is the greatest need of our mills and plants?" asked one of the staff of The Nation's Business who last month were his guests. Another host at this visit was Secretary of Commerce Redfield, who cherishes the Bureau of Standards as a pet enthusiasm.

#### The Bureau's Offer

**B**BETTER methods, higher standards of production. Better methods mean less waste. Higher standards mean better quality," explained Director Stratton. "In the stage of mass production which we have reached—reached swiftly and often crudely—we need now to study processes, to get our factories on a scientific basis."

Again a staff member: "What can you say through us to the producers of the United States that will make plain to them just how you are prepared to render this service?"

"Well, we have already established here a complete unit of every basic industry in the country. Glass, steel, paper, cotton goods, rubber, concrete, electrical, chemical, medical apparatus—we have complete little plants right here on the ground. Your manufacturer in trouble can come himself or send his experts and study our processes with our men. If we haven't got what he wants, we'll never halt until we have got it."

"Is payment required for this service?"

"All work done for the Government bears no charge, of course. Service to private firms or individuals is also free, provided there is some dispute to settle, or that the problem presented is one which interests others in the same field. If a given service is so special in its nature that it will benefit only one firm, we ask that the firm go to a private laboratory."

#### What "Standards" Means

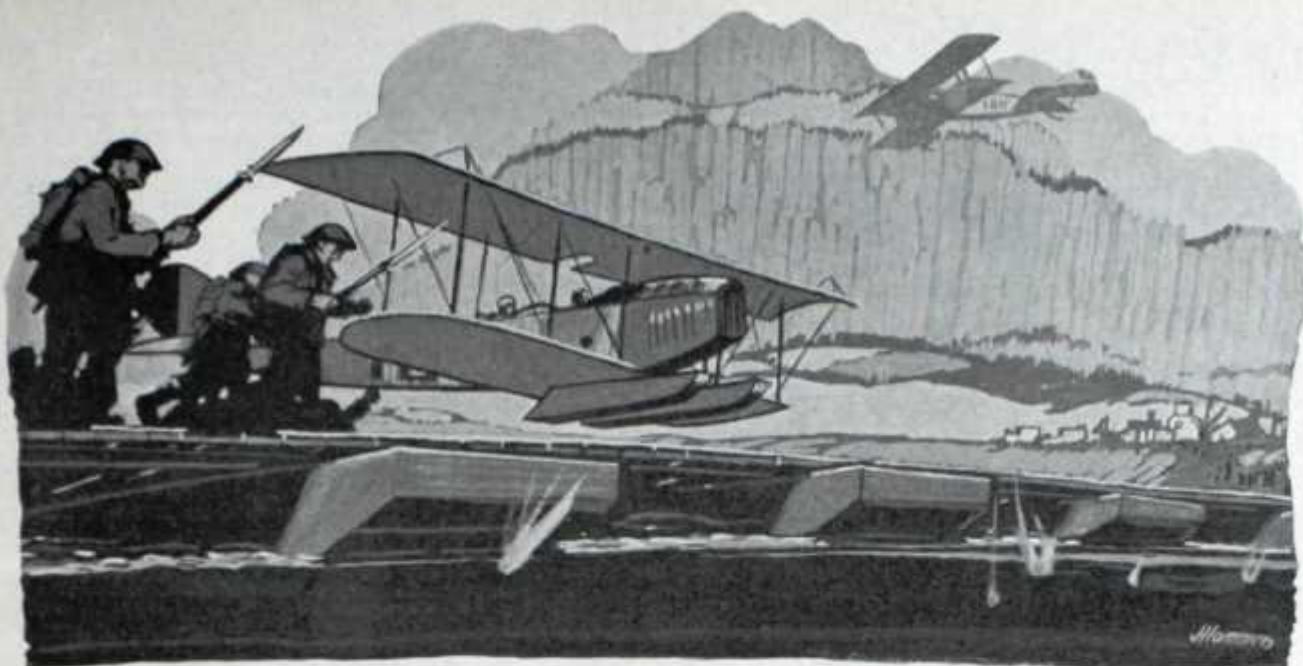
**B**EFORE the war young men scientifically inclined took up "pure" science. Pure science, understand, was a *profession*; it was dignified—in a word, "respectable." While applied science, which is merely college text books geared up to the work-a-day world, was an embarrassing relative who didn't wear a collar nor wash his teeth.

In those bygone days the toiling layman and the scientist lived in separate worlds. They were suspicious of each other—and with reason. The scientist bent over his logarithms and bubbling flasks and wrote learned monographs in an intellectual vacuum. When he did come out for his meals, he spoke a sort of fee-fi-fo-fum language which the laymen couldn't understand.

The layman, on the other hand, worshipped profits. And he lacked imagination, curiosity, vision. He was like the Kansas farmer who refused to vote for the annual appropriation for the state university because "they'd been payin' that money for twenty year and they hadn't earned a durned cent yet."

The new inspiration will be what the Bureau's name implies—standards: standards of measurement which will promote accuracy in industry and justice in daily trade; standards of quality which will guarantee high utility in the products of factories and mills; standards of practice which will insure to each producing unit safety and convenience and help them to organize their toil upon a just and effective design.





# Airplane Rexpar Meets Every Spar Varnish Requirement

## The Varnish on Airplanes Shall

1. Protect wood.
2. Protect doped linen.
3. Protect doped cotton.
4. Protect metal.
5. Be long oil varnish.
6. Resist air.
7. Resist light.
8. Resist water.
9. Resist natural gas.
10. Resist illuminating gas.
11. Have proper brushing qualities.
12. Have proper flowing qualities.
13. Have proper covering qualities.
14. Have suitable body.
15. Dry dust free rapidly.
16. Harden rapidly.
17. Be elastic.
18. Be clear.
19. Be transparent.
20. Be highest quality.
21. Match a fixed color solution.
22. Be durable.
23. Not flash below 95 degrees Fahrenheit.
24. Not whiten under water.
25. Not dull under water.
26. Not show defects under water.
27. Stand air test during application.
28. Stand air test during drying.
29. Meet a fixed setting test.
30. Meet a threefold drying test.
31. Meet a severe bending test.
32. Be inspected before shipment.
33. Be inspected at destination.
34. Prove durable under fixed test. Sherwin-Williams Air-Plane Rexpar meets all these requirements.



PONTOONS that bridge the streams and carry the army over; hydroplanes that ride water as well as sky; aeroplanes that stand every test of rain and storm in all climates—are all protected by Sherwin-Williams Air-Plane Rexpar Varnish.

The varnish on these machines must meet tests far greater than are met in commerce, home or industry. This varnish must resist water, rain, snow, heat, cold, gases, oils, all the tests of bending and warping, all the tests of covering and gripping. The thorough manner in which Air-Plane Rexpar Varnish is meeting these tests is indicated by its acceptance by the U. S. Signal Corps for use on pontoons, hydroplanes and aeroplanes.

The quality of Air-Plane Rexpar Varnish makes it ideal for every varnish purpose that receives the very best product that is made.

**The Sherwin-Williams Company**

802 Canal Road, Cleveland, O.

Branch Offices and Warehouses in all important cities

**SHERWIN-WILLIAMS PRODUCTS**  
**PAINTS AND VARNISHES**

**DYESTUFFS, COLORS, PIGMENTS, CHEMICALS, INSECTICIDES,**  
**DISINFECTANTS, WOOD PRESERVATIVES**



## Do You Think More of Your Building Than Your Business?

You have insured your building against the fire hazard—  
But what of the business?

Who is going to reimburse you for profits lost during the  
period your plant is inactive as a result of fire?

Who is going to pay all of those fixed charges that continue  
whether your plant is in operation or not?

You?

Your fire policy won't pay both losses.

Or will you be forewarned—and take out a Use and Occupancy Policy in  
the Insurance Company of North America now?

Ashes don't pay dividends—

Let us tell you more about it.

### Insurance Company of NORTH AMERICA Philadelphia

*The Oldest American Stock Insurance Company*  
Founded 1792 Assets Over \$25,000,000  
FIRE - AUTOMOBILE - MARINE



#### PUBLIC UTILITY BONDS HOW TO JUDGE THEM

We have printed for free  
distribution a short study  
entitled

*"Essentials of a Standard  
Public Utility Bond"*

A copy will be furnished upon request  
for H-95.

#### THE NATIONAL CITY COMPANY

National City Bank Building, New York  
Uptown, 514 Fifth Ave., Cor. 43d St., N. Y.

Correspondent Offices in 31 Cities

Bonds Short Term Notes Acceptances

#### The B/L COLLECTION BANK OF CHICAGO



This bank is particularly well equipped to  
serve manufacturers, jobbers, wholesalers,  
and dealers located in States West of Penn-  
sylvania to the Pacific Coast. We offer the  
facilities of a Chicago checking account with  
or without a line of credit. Our Collection  
Department is a special feature of this service.  
We make a specialty of handling Bill of Lad-  
ing collection items. Correspondence invited.

#### Union Trust Company CHICAGO

One of Chicago's old conservative banks doing  
strictly a commercial business. Established 1869

#### Business Barometer Flutters

(Continued from page 24)

operation which makes life in the small town  
and on the farm both attractive and worth  
while. Unknown and unheeded by the mad-  
ding crowd, from which they are far removed,  
they are demonstrating that the best products  
of democracy are, first of all, trained boys and  
girls definitely fitted for some purpose in life.  
It does not require the gift of prophecy to real-  
ize that one of the results of this war will be the  
general realization that education and intelli-  
gence are not only the sure foundations of our  
form of Government but likewise the greatest  
of all business assets.

Map changes are not of sufficient moment  
to be definitely shown, for the harvests are  
over and their effects largely permanent in  
agricultural districts, while industrial, mining  
and lumber centres tell the same story of a  
plentitude of work with corresponding scarcity  
of labor.

There is much buying of "futures" in all  
agricultural implements and in many "spring"  
lines. But in winter and holiday goods the  
general attitude seems to be that of waiting to  
see how the weather turns out.

Favorable weather has increased the prob-  
able production of cotton to about 12,000,000  
bales, exclusive of linters. There is more of a  
top crop than seemed likely some sixty days  
ago. The decline in price upon the prospects  
of peace is another evidence of how best laid  
prophecies gang aft agley.

#### Cotton's Alibi

THE general thought was that cotton was  
one of the great agricultural staples whose  
value would surely appreciate with the ending  
of war, because of long closed channels of ex-  
port being again opened. The factors of de-  
pression, however, seem to have been a larger  
crop than anticipated, a smaller consumption  
than last year, large stocks at the mills, a Gov-  
ernment demand which will probably cease  
with the coming of peace, and the uncertainty  
as to how long it will take the mills on the  
other side to get into the full swing of opera-  
tion. So, altogether, the supply seemed quite  
equal to the demand for some time ahead.

A subsequent reaction, partly the result of  
short selling, and partly of confused sentiment  
as to what peace will really bring, only typi-  
fies the extreme uncertainty of the situation.

So likewise corn, oats and hogs went off in  
price as peace seemed appreciably nearer, al-  
though the theoretic logic of the occasion was  
for an even greater need and call for foodstuffs  
when the war was won. A further reconsidera-  
tion of this latter factor again unsettled senti-  
ment and left it wondering what really will  
happen. But, as always, the common sense  
and instinct of the many are surer guides to  
future actual happenings than the fine spun  
imaginings of the theorists.

#### Our Bursting Barns

WINTER wheat has an enormous acreage  
sown, about 17 per cent larger than last  
year, and the growing crop has an unexampled  
fine start in life with the soil everywhere in  
best of condition. In many sections wheat is  
far enough advanced to be used as grazing for  
cattle.

The great volume of vegetable and fruit  
shipments, totalling now about 15,000 cars  
weekly, is beginning to wane.

These figures, but little known and under-  
stood, of one of the secondary phases of agri-  
culture, emphasize the enormous food produc-  
ing capacity of this country, especially when  
taken in connection with the almost fabulous

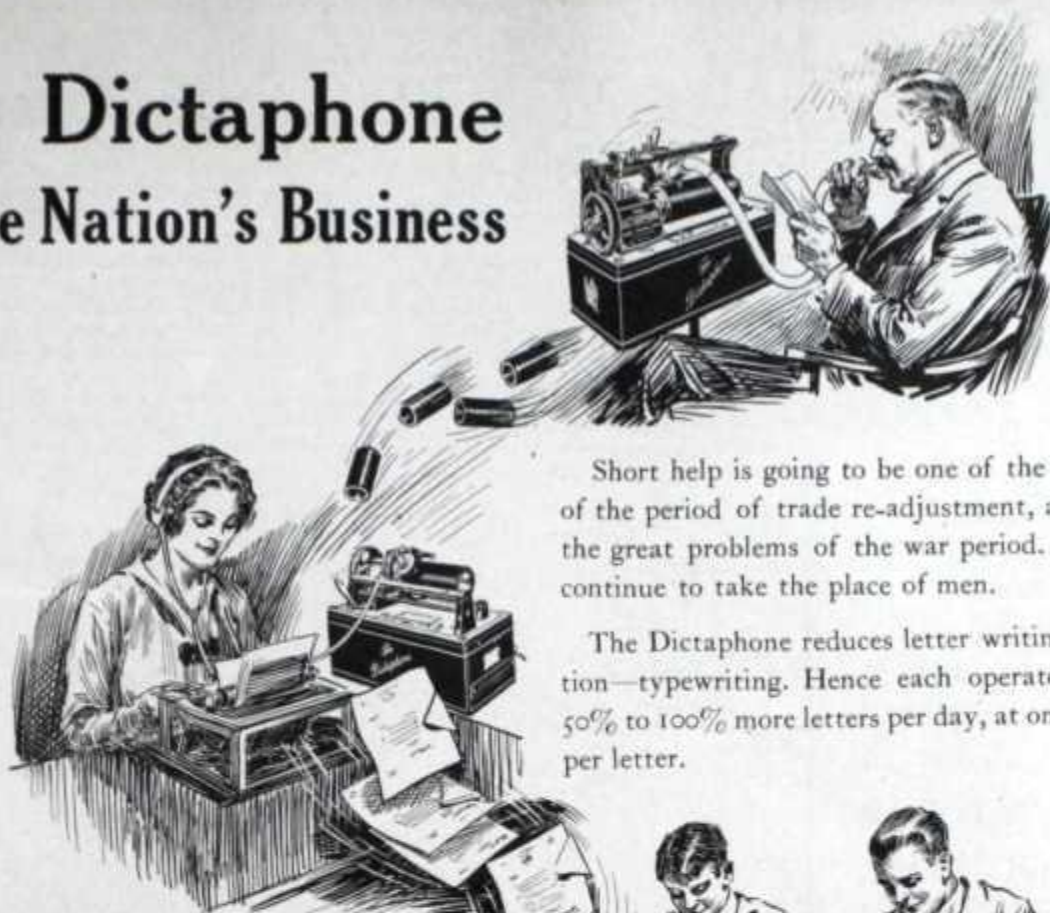


Where Performance Takes Preference over Price





# The Dictaphone for the Nation's Business

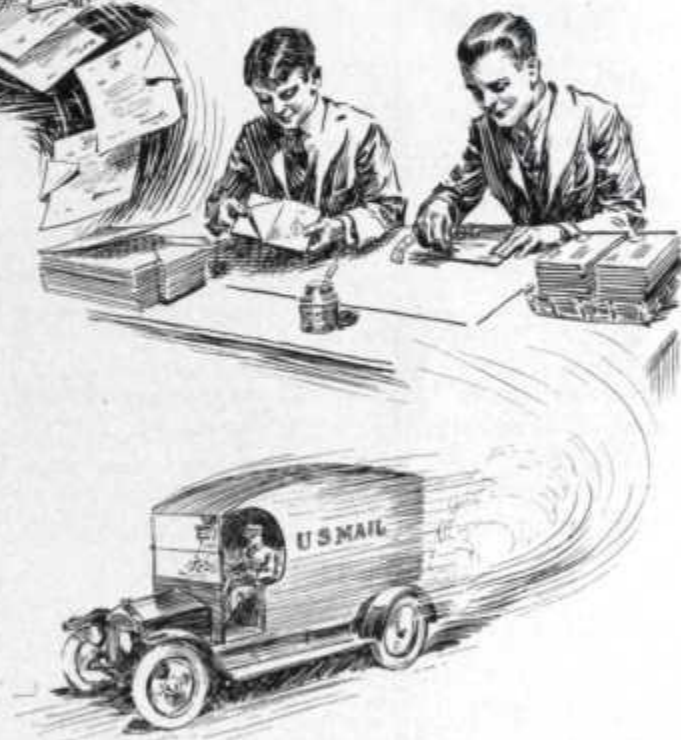


Short help is going to be one of the great problems of the period of trade re-adjustment, as it was one of the great problems of the war period. Minutes must continue to take the place of men.

The Dictaphone reduces letter writing to one operation—typewriting. Hence each operator can produce 50% to 100% more letters per day, at one-third less cost per letter.

The Dictaphone is very convenient and simple to use. Hundreds of executives, who can find little or no time for dictation during regular hours, clear up their daily mail after hours with The Dictaphone, either at the office or in the comfort and privacy of their own homes.

A demonstration in *your* office, on *your* work is the best proof for you. Phone the nearest branch office or write us. Also ask for valuable, free book, "The Man at the Desk."



# THE DICTAPHONE

Registered in the U.S. and Foreign Countries

**Dept. 132-L, Woolworth Building, New York**

**Dealers Everywhere**

**Write for "The Man at the Desk"**

It is not a Dictaphone unless it is trademarked "The Dictaphone," made and merchandised by the Columbia Graphophone Company



**"Buy War Savings Stamps"**





## MERCURY TRACTORS

are  
investments  
which pay heavy  
dividends not only  
in actual cash but  
thro' the savings in  
labor they effect in  
industrial haulage.

**"WE KNOW  
The Trackless Train  
HAS REPLACED  
SIX MEN"**

writes one manu-  
facturer, and his  
experience is not  
unusual. Others  
can testify to sav-  
ings of ten men or  
even more.

Such an invest-  
ment merits most  
serious considera-  
tion—is worthy of  
investigation.

Write Dept. R  
for  
"On Government Business"

**Mercury**  
Manufacturing Company  
4110 South Halsted Street  
CHICAGO U. S. A.



amounts of food—fish, flesh, fowl and vegetable—always on hand in stock and in cold storage. There is not now, nor has there been at any time, the slightest danger of our not being able to respond to that Macedonian cry for help from across the water, so long as the farmer stays on his job and the consuming public do not forget the patiently learned lessons of economy and conservation.

Two significant features of the agricultural situation are the relief fund afforded by the Government to the farmers in the drought stricken area, and the regular operations of the Farm Land Banks, whose results recognize and make evident that agriculture is the greatest of all businesses.

This last factor also seeks to afford partial solution to the great land problem which underlies every civilization and whose overwhelming importance we are just beginning to recognize. The problem is that those who de-

sire access to the land to cultivate it shall have the needed opportunity, or else we shall have the obverse phase of landlordism and tenantry. We are further along this latter road than is well for us, especially in those fertile soil districts where young and enterprising spirits are driven far away to more virgin fields by abnormal and prohibitory high prices of land, where tenants flourish, and absentee landlords cluster in the small towns which consequently vegetate and die of dry rot because of the landlord spirit which seeks only to save and not to spend.

Our wonder and admiration have gone out to France because of her unconquerable spirit and endurance under stress and disaster. But long years ago she learned the lessons of making many landed proprietors among her people, being mindful of that saying that man has only two elemental passions, land hunger and the eternal feminine.

## Industry's Congress for Reconstruction

(Continued from page 10)

in the list. Are employers and employees to continue to fight each other as in the past to the great detriment of the public or shall an arrangement be worked out whereby conflicts are minimized and strikes are eliminated. These are questions that industry must face and problems that industry and labor together must solve with the Government.

Government control is absolute. Today you cannot point to a business that is not in some measure under Government control either direct or indirect. How long shall this be retained? If some measures of control are necessary during the transition period or even afterwards, which shall be retained and which shall be dropped? Industry out of its experience and with foresight must answer this. Business must determine how best to protect itself and at the same time safeguard the public interest.

### Tariffs? Prices? Food?

GERMANY was preparing to buy raw materials in bulk after the war. Would some such plan coupled with a co-operative selling arrangement under Government supervision benefit American business? What is to take the place of the present control of exports and imports? The tariff? What measures of protection must be taken to save the industries that have developed and flourished in this country due to difficulties of importation? Can exports be restricted and guided? If the Government's grasp on shipments to Europe were loosed would the European countries bleed the United States dry of raw materials?

The question of price-fixing as it is in force today in the United States is one of utmost importance. This situation is so related to priorities and allocation of raw materials that it must be worked out in conjunction with them. What would happen to prices at the end of the war if the Government were to loose its control? Would they rise or would they fall? Some say that there would be panic.

There is the control of our food supplies. Should this be lifted? The present law does not provide for its continuance.

Fuel is under even more complete control than is food. The price is fixed by the Government and every ton of coal is distributed with a view of placing it where it is most needed. Where will it be most needed when war is at an end? If there is a scarcity of fuel in the reconstruction period, who should get the larger share, the manufacturer of wearing apparel or

the manufacturer of farm implements? This situation is one that business must pass on.

Transportation does not demand such immediate attention as do some of the other things but it presents a problem of very great proportions. The Government today is virtually the only builder of ships. What is to become of its great yards? The manufacturer of wooden vessels in Florida can be ruined with a scratch of the pen. What are his interests? What is to become of the great fleets that have been built and are building? Shall we have Government operation or shall ships go back to private owners? If the latter, shall the Government protect the owner against cheap foreign operation?

Who is to own the railroads? What form of control or regulation shall be set up if the lines go back to their owners? Business can apply itself to no problem more complex or more important than this.

Of the three groups of industries in the country, those engaged in war work, those operating under restrictions being classed as non-essentials, and those that have been built up with the war to fill the place made vacant with restricted imports, it is hard to determine which face the future least prepared. New industries have developed rapidly. We have a chemical industry taking the place of German business in this country. We are supplying ourselves with dyestuffs, with toys, with drugs with cutlery and with dozens of other commodities that once were shipped to us from abroad. Is it better economy to protect these industries, to maintain them against foreign competition, or shall the public buy where it can buy cheapest? These questions must be answered in a consultation of business interests. They involve many of the questions of tariffs, of prices, of dumping and of export and import control. The foreign trade of the United States today is greater than that of any other nation. What is to be its future? How shall new commercial treaties be drawn? What of ocean freight rates, of preferentials, etc.

### Industry Will Pay

WE come to finance. The great cost of the war must be paid and it will have to be paid out of industry. Already Congress is revising the eight billion dollar revenue bill. As drawn, there was incorporated in it the views of America's business men, expressed in a referendum of the Chamber of Commerce of the



# Advertising is the Power of an Idea Multiplied

Other powers lose by expansion. Steam is power only when confined. Electricity radiated and diffused becomes nothing. Sound dies with distance. Great suns pale into invisible stars and the power of light itself is lost in infinite space. But the strange

power of advertising increases by expansion. Diffusion is its life. It grows by what it imparts. From the mind of one to the minds of many, an idea becomes dynamic energy that draws back increase from the very

wires it charges—renews itself with every expenditure like riches that grow by sheer extravagance.

"Mind", said Daniel Webster, "is the great lever of all things; human thought is the process by which human ends are ultimately answered."

*Advertising began as an afterthought of business and became the forethought.*

—D'Arcy Advertising Co.

The power of an idea multiplied moves governments—or goods, as the case may be. It is a power for good as well as a vital power for goods when it helps a worthy business to a wider market.

**D'Arcy Advertising Company**

International Life Building

St. Louis, Mo.



When you think of  
**SYSTEMS—**  
think of "Y and E"



More than well-built Filing Equip-  
ment and Supplies—a "Y and E"  
System is primarily a *system idea*

Let our free System-Planning Service  
bring your filing methods down to date

**YAWMAN AND ERBE MFG. CO.**

Rochester, N. Y. One store in each city. (In Canada, Office Specialty Mfg. Co., Ltd., Toronto)

United States. As revised it should contain their views now.

We come to demobilization. Surely it is largely an industrial problem. The millions of men in our army and navy who go back to civil life must be absorbed by industry. Shall the armies be demobilized hurriedly, throwing the returned soldier back on the country to find his place as best he can, or shall Government and industry work out a plan of systematic absorption?

And thus the enormity of the task of reconstruction becomes apparent. Industry's part is clear. Business men must and will take the leadership.

#### The Group Program

TO facilitate discussion those attending the conference will meet first as war service committees combining later into thirty-five related groups and then merging into ten major groups.

The ten major groups are as follows:

- Food Products
- Heat, Light and Power
- Iron and Steel
- Metals and Minerals other than Iron and Steel
- Textiles
- Wood and Wood Products
- Chemicals
- Leather
- Earthen Products
- Industrial Professions

In the related groups some changes may be made but as outlined they are:

- Food Production and Exchanges
- Food Conversion, Milling, Canning, Meat Packers
- By-Products
- Oil and Oil Products (Animal and Vegetable)
- Coal and Coke
- Public Utilities
- Oil and Oil Products (Mineral)
- Gas Motors, Automobiles, Engines and the like
- Steel and Iron Production, Rolled and Drawn
- Steel and Iron Products, Fabricated or Manufactured
- Steel and Iron Products, Cast
- Machinery, Tools and Power Equipment
- Hardware
- Building Materials, except those otherwise specified
- Farm Operating Equipment, Agricultural Implements, Fences, etc.
- Non-Ferrous Metals, Brass and Alloys
- Gold, Silver, Precious and Alloyed Metals
- Wool and Wool Products
- Cotton and Jute Products
- Silk and Silk Products
- Rubber, Saturated and Coated Textiles and Allied Products
- Lumber and Products, except those specifically comprised in other related groups
- Wood-pulp and Paper Products
- Printing, Engraving, Lithographing and Materials
- Office, Store and Bank Fixtures, Equipment and Office Devices
- Furniture
- Acids, Heavy Chemicals, Miscellaneous and Industrial Chemicals, Paints and Pigments, Artificial Dyes and Intermediates, Tanning Materials and Natural Dyestuffs
- Fertilizer and Fertilizer Chemicals
- Boots and Shoes, Harness and Saddlery
- Tanning and Leather Raw Stock
- Clay and Clay Products, such as brick, tile and semi-porcelain clay
- Sand, Lime and Stone (except when otherwise specified)
- Distribution, Wholesale and Retail, not manufacturers who distribute direct
- Engineers, Architects and Accountants
- Medical Industries, (Drugs and pharmaceutical chemicals) including medicinal chemicals, pharmaceutical chemicals, biological products, essential oils, plasters, dental supplies, surgical instruments
- Trade Papers, Magazines, Newspapers and House Organ editors

## WHITING-ADAMS BRUSHES

Disgusted with the Brush you are using? Some brushes have no excuse for being on earth. Have you one of this kind?

Try a WHITING-ADAMS BRUSH

Do you know what WHITING-ADAMS means? It means satisfaction in brushes, good work, long wear, best results. Send for Illustrated Literature.

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Brush Manufacturers for over One Hundred Years

Whiting-Adams Brushes Awarded Gold Medal and Official Blue Ribbon,  
The Highest Award at Panama-Pacific Exposition, 1915



In the  
January  
Number—

WHAT the accredited representatives of three hundred industries plan for a federation of American industries—with particular attention to reconstruction by A. C. Bedford, Standard Oil Co., James A. Farrell, United States Steel Corporation, Secretary William C. Redfield, Charles M. Schwab, Paul M. Marburg and others.



**Wilson & Co.**  
FOOD PRODUCTS

**Respect** **Quality**

**Carefulness** **Ability**

**Fairness** **Service**

**Organ-ization** **Equip-ment**

**A good reputation is as vital to a business as to an individual**

**ANY** successful business rests upon the good name it has with the public. Any business that endures must reflect the personality of its management which must be answerable to the public.

The policy of Wilson & Co. from its inception has been to conduct its business on golden rule principles.

There is a moral as well as a financial responsibility connected with the preparation of food products. The public is rightfully critical, and a company such as ours must at all times keep this moral responsibility in mind. Unless this is done there can be no permanent success.

Our good name rests upon public opinion—upon *your* opinion. You form your opinion of this company and its products by the satisfaction you get from the products themselves. It is your right to know that your confidence in our good name and your dependence upon the Wilson label will always be appreciated to the fullest extent.

**The Wilson Label Protects Your Table**

We adopted the above "slogan" because it tells in six words the full meaning of the Wilson -shaped label. Too much importance cannot be attached to the value of a distinctive label to the consumer. It is a simple, sure means of identification. It guides the purchaser. It puts the manufacturer on record, to stand or fall on the quality of his products. The consumer will either accept or reject by the label, as he or she comes to know labels and their value.

When you buy meats or other food products bearing our label you are certainly entitled to know that you are being treated fairly and squarely and that the goods you buy are what we have led you to expect them to be.

The Wilson label is the symbol of our good name. It is our guarantee

to you personally that Wilson products are clean, pure and wholesome and that these standards will be maintained. It is the keystone of our reputation—the finishing touch to every Wilson product.

Whenever and wherever you buy anything bearing the Wilson label you may *absolutely depend* upon the wholesomeness and purity of that meat or food product. The Wilson label is our pledge and promise to you that Wilson products are selected, handled and prepared with respect equal to that shown by your own mother when she prepares the favorite dish for the family.

It is our duty—in *your* interest as well as ours—to see to it that the meaning of the Wilson label is always the same.

**Reputation** **Confidence**

**Wilson & Co.**  
CHICAGO

*Majestic Ham, Bacon and Lard* *Clearbrook Dairy Products*  
*Certified Canned Fruits, Vegetables, Meat Products*  
*and Oleomargarine*

**"THE WILSON LABEL PROTECTS YOUR TABLE"**



## Only One Way Over



## Anchor Post Fences

**F**LYING is the only safe and sure way of getting over an Anchor Post Fence. That's why those fences are so undesirable to the undesirable element. That's why the "hard character" who is looking for the "easy opportunity" passes up the plant that is protected by an

## Anchor Post Fence of Chain Link Woven Steel

Too high to scale, too smooth to climb, too strong to break down, this fence provides the most efficient form of protection against trespassers.

The initial cost is about the same as a board fence, but its long life, freedom from upkeep and proof against fire make an Anchor Post Fence a real economy.

Installation need not worry you. We maintain a large force of experienced erectors regarding which one of our customers writes, "We do not recall having had any work done for us before, either in the line of fencing or anything else, that was so entirely satisfactory."

## Anchor Post Iron Works

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ATLANTA, GA., - - - - - EMPIRE BUILDING  
BOSTON, MASS., - - - - - 79 MILK STREET

2218-G

## Senate Retouching Revenue Bill

(Continued from page 17)

Such a computation, however, shows a discrimination against an individual engaged in business which would not in fact exist, for the reason that before beginning the computation the individual may deduct from the actual net income a reasonable allowance to himself as salary or compensation for his personal services in the business. When he came to compute his income tax, he would again have to take this allowance into account and pay tax on it. So far as the profits tax is concerned, however, if the allowance were \$5,000, the profits tax in the case imagined above would become \$7,767, instead of \$11,016.

### Invested Capital

**T**HE definition of invested capital has great importance for each taxpayer who is to arrive at profits taxes. It, too, has undergone modification at the hands of the Senate committee. For example, when stock has been issued for property of a value exceeding the par value of the stock, the excess may be included as surplus paid in. To the cases in which a "constructive" capital may be used has been added a corporation which by reason of its recent organization is at a disadvantage with other concerns engaged in the same sort of business.

For concerns in a situation of inequality because of exclusion from invested capital of intangible assets of recognized and substantial value which they have developed there is also similar relief. There is, likewise, mitigation for proprietors of mines, oil wells, etc., who through realization in one year of gains, etc., accrued through several years have abnormally high net income; owners of mines and similar properties get protection also from the income tax, in that surtaxes are not to take more than 20 per cent of the selling price of their properties.

Finally, there is special opportunity for administrative adjustments in those cases in which proper allowance cannot be made for amortization, obsolescence, or exceptional depletion due to the war or to the necessity in connection with the recent war of providing plants which will not be needed after the termination of the war.

### Future Losses

**A**S yet, the Senate committee does not seem to have made express provision to afford future adjustments in connection with present collection of taxes upon "paper" profits represented in inventories which are now carried at high prices and upon which prices in the future may decline before there has been realization through sales. New language dealing with a somewhat related subject has meanwhile been placed in the bill. It covers cases of "net loss," either in conducting a business or in disposing of plant or equipment acquired to produce articles contributing toward our prosecution of war against Germany. If a taxpayer sustains such a net loss in any year he may claim refund of taxes paid in the preceding year, and if the whole loss cannot be made good in this manner he may deduct the balance from taxable net income in the following year.

Accordingly, if the loss were realized in 1919, the taxpayer might seek a refund of taxes paid for 1918 and deduct any balance from his net income for 1920.

### Flexibility a Characteristic

**O**NLY some of the more important changes tentatively made by the Senate committee have been described. Many of them, it will be noticed, introduce a new degree of flexibility into the bill. They often serve the purpose of expansion joints, in that they make transitions gradual rather than sudden. Flexibility usually entails some complexity. To this rule the bill that is in the making forms no exception.

In view of its provisions as it may become law, and the increasing importance for each taxpayer that his books of account be in such order and form as to reflect truly his net income, it is none too early to anticipate possible requirements of the Treasury Department by giving attention to matters of accounting. For this sort of thing there are available a number of suggestions from official or semi-official sources. One of the useful official pamphlets was printed last year by the Federal Reserve Board, under the title of "Approved Methods for the Preparation of Balance Sheet Statements." A balance sheet in proper form is likely to save a deal of bother in connection with income and profits taxes.

By having proper systems of accounts and being ready to present a real balance sheet that will accurately set out the true state of the business, taxpayers can be in a position to take advantage of the adjustments that may be placed in the law for their benefit.

### A Complex Bill But—

**A** FLAT rate of income tax for corporations at 12 per cent, a revision of the surtaxes on individual incomes, and consolidation of returns for affiliated corporations in the sense that they are engaged in the same or related businesses and are owned or controlled in common are some of the other amendments made by the Senate committee.

If any American considers that the bill which is pending is complex he should contemplate the further possibilities which the Argentine government developed in a bill for an income tax which it brought forward in September. The Argentine bill not only contains special additional rates for bachelors, spinsters and non-residents—regardless of their martial condition, and graduated discounts for taxpayers who have dependents, but does not allow a taxpayer to escape merely because he did not actually receive income from his property. Such a state of affairs the Argentine bill considers culpable. It in effect says that if he did not use diligence and earn income to a minimum amount on the property he holds he should nevertheless pay income tax! Accordingly, if he holds an improved ranch, he must at least pay on "construction" income equal to 4 per cent of its assessed value, and if he has no known occupation he must pay income tax upon five times the rental value of his residence.

### A Luxury Tax Drama

**T**HE taxes imposed by the House upon articles which might be considered luxuries or extravagances in a time of war have caused a great deal of discussion. So far as the House bill proposed floor taxes upon many articles in the hands of retailers there will undoubtedly be a change, since it would probably be impossible, as a matter of administration, to trace all the articles in question that might be in the

(Continued on page 50)



*You who are doing the nation's business--*

# You can get Dictographs now!

**W**ITH the end of the war comes a reconstruction problem big enough to tax the ability of every Executive with responsibilities.

*During the war*, the Dictograph has done its part—how great a part we will tell you some day.

*With the coming of peace*, we drop the problem of Telephones for the Gas Mask, the Airplane, the Tank, the Submarine and other telephone problems of war.

Again we are ready to help you in your intercommunicating problem to the end that without delay you may rapidly reach your pre-war efficiency in production.

The Dictograph System will quickly place at the command of the executive every detail of organization; it will enable each department to transact routine with ease, efficiency and at the exact time required. Above all, through the famous Master Station, the executive gives orders and receives information without physical effort or mental stress.

What we can do for you is told in "An Essay on Executive Efficiency." It's free to every executive who asks for it.

*And we would also be pleased to submit, without obligation, definite data on the cost of such a Dictograph System as you may need in your organization.*

## GENERAL ACOUSTIC COMPANY

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Lapidolith, now widely used to dustproof and wearproof concrete floors, is a liquid chemical.

Flushed on new or old concrete floors, it seeps in immediately and by combining with the Portland Cement it completes its hydration and also fills the interstices with hard crystals of its own. This action solidifies the binder which thenceforth holds the sand and other aggregate in a firm grip.

When you use

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the concrete becomes granite-like in density and strength and is no longer porous and spongy and is able to resist friction, water absorption and the deteriorating effects of oils.

Dust is not ground up by use and repair bills are stopped.

Concrete floors everywhere have been Lapidolized. Architects and Engineers understand its positive value.

Write for all the scientific and practical proofs, sample and Lapidolized concrete blocks.

**L. SONNEBORN SONS, Inc.**

264 PEARL STREET, NEW YORK

MANUFACTURERS OF CEMCOAT,  
THE WASHABLE WALL COATING

DEPT. 4

## Reconstruction

(Continued from page 13)

by loans placed here. Nor will it do to depend on obtaining the ordinary commercial credits. Investments in reconstruction and equipment must be financed in a more permanent manner. Moreover, valuable time will be lost by efforts to do this financing by placing loans on the market through private channels. There is not a sufficient knowledge of foreign credits for this to be done successfully.

If the United States Government will continue to take the bonds of these foreign governments for credits to be used for purchases in this country, undoubtedly a large amount of business can be secured which will help us over the transition period in our industries. And if such an arrangement is made, of course this Government should retain supervision over the situation.

In some lines the Government is in control of the principal stocks of materials, for which it will have no need. The Governments of the United States and Great Britain will own most of the wool in stock in the world. It would cause great financial loss to the Governments and throw the whole trade in wool and woollen goods into confusion if these stocks were thrown on the market at once by auction.

The wage question, which is a very formidable one at best, is closely related to the supply and price of food. It will be unfortunate to have further demands for wage increases as wages are already so high as to put us on an impossible level of industrial costs when competitive trade conditions are restored. The most serious feature of the industrial situation is the probability that living costs are likely to remain high now that the war stimulus to industry has ended. The food situation should therefore be kept in hand.

## Getting Work and Worker Together

(Continued from page 30)

obtained. Of course, where Government property is used it is unnecessary to buy.

## Hundred Millions Invested

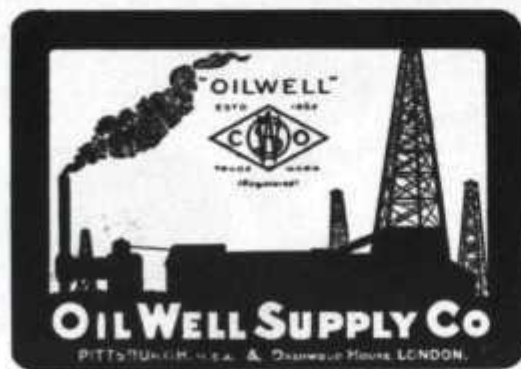
IN February, 1918, the Bureau of Industrial Housing and Transportation was created. Congress voted \$50,000,000 to this Bureau for use throughout the country and \$10,000,000 more for housing of Government clerks in Washington. Subsequently \$40,000,000 has been added to this fund, making \$100,000,000 altogether available to meet this national emergency.

The funds have been actually available to the Bureau only since June, 1918. The United States Housing Corporation was established on July 11, 1918. Two weeks after the Corporation was formed, land had already been purchased in over a dozen cities; old hotels had been purchased for remodelling near Portsmouth, Va.; contracts had been let at Bethlehem, Pa., and Charleston, Va., and bids were being received on the construction for Washington, Bridgeport and various other places. Plans are now drawn for more than seventy-six projects and contracts have been let in more than forty districts. The contracts thus far represent housing for approximately 45,000 persons (as of October 14, 1918).

In Washington, residence halls, apartment houses, row and group dwellings, a few semi-detached houses and cottages are under construction. These developments are located on the Capitol Plaza, 23d and B Street and the Navy Yard. The housing is for 7,000 persons approximately.

## THE WORKING WORLD WANTS OIL

"Every barrel of oil added to the world's daily production means Power added to the great effort now necessary to re-establish the industries of the world."



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The vast organization and scope of the Standard Oil Company (New Jersey), is a guarantee of perfect petroleum products, perfectly refined and honestly labelled. Raw materials of the best quality that the world affords go into Standard Oil Products.

They include the following:

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Also a full line of Oil Stoves,

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# DURAND STEEL RACKS



**D**URAND Steel Racks are made accurately to specifications, and are easily erected because all parts are adjustable and absolutely true.

All shelving can be quickly adjusted without tools, to meet any temporary conditions. This means economy in storage space as well as efficiency and system.

*Write today for catalogue of Durand Steel Racks or Durand Steel Lockers made to meet all possible requirements*

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## Foreign Exchange Department LETTERS OF CREDIT NEGOTIATED

Arrangements can be made for the importation of merchandise through the use of dollar acceptances.

**CAPITAL AND SURPLUS \$2,250,000**

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Market and Fulton: 81-83 Fulton St., New York  
Eighth Street: Broadway & Eighth St., New York  
Aetna: 92 West Broadway, New York  
Flatbush: 829 Flatbush Avenue, Brooklyn  
New Utrecht: New Utrecht Av. & 54th St., Brooklyn  
Long Island City: Bridge Plaza, Long Island City

## Irving Trust Company

FREDERIC G. LEE, President

Woolworth Building, : : New York

## Senate Retouches

(Continued from page 48)

hands of retailers. Other changes in the floor taxes, and in the taxes upon luxuries and war extravagances in themselves, either when sold by the manufacturer or when sold at retail to the consumer, have not yet developed.

England has had its difficulties in deciding upon articles which should be subject to the luxury tax upon which the government decided last spring. Lists of articles to be taxed—both articles of such a nature that the tax should be imposed regardless of price and those which should be taxed only when sold above a stated price—were to be prepared by a committee of the House of Commons. To this committee members were added from private life. The difficulties which the committee, and the sub-committees into which it is divided, found in solving its problem are intimated in a draft for a report which was prepared by one of the members who possessed a sense of humor.

"Your Committee," this draft began, "are well aware that their report is not wholly conventional in character. . . . We have expressed our likes and dislikes with a vigor which at times amounts to violence.

"There have been alarums and excursions, resignations and rumors of resignations. It was said of some famous prisoners that they looked around the dock each morning with an uneasy eye; were they all there, or had one of their number turned Queen's evidence? . . . Perchance, years hence the child of the recruiting posters may at last change the subject and demand, with no less aggravating insistence, 'Daddy, what did you do on the great committee?' Proudly then can most of us reply, 'I remained a member of it.' . . .

"Now, it is obvious that uniform reports were not to be expected from committees working in water-tight compartments with no special guidance from the parent committee and no regular coordination other than the occasional presence of the chairman as a liaison officer. It was not unnatural to expect that a committee considering the subject matter of pearls and diamonds might come to a conclusion wholly distinct in kind from that of another committee which had been investigating chairs and bedsteads."

Since the British committee made its report, in August, and attempted to deal not only with pearls and bedsteads but also with a goodly list of other things, the British government seems to have decided not to go further in making a luxury tax effective until next spring.

## Reconstruction

**W**HEN the short session of Congress begins on December 3, a number of measures will probably be brought forward to continue beyond the signing of peace such of the measures of control provided by legislation for wartime as are considered essential for the period of transition after peace has been established. The President's message at the opening of the session may set out a programme for this legislation. As yet, however, the exact proposals which will be made have not been developed.

Meanwhile, it is likely that there will be renewed interest in the bill already introduced for the creation of a reconstruction commission, to be appointed by the President and to be a body for study and recommendation. Of course, since this Congress will end on March 4, and there will be a large program of appropriation bills, as well as the new revenue bill, to deal with in something like three months, there is every indication that Congress will be an exceedingly busy place during the winter.

# CHENEY CRAVATS



*GOOD* haberdashers the country over sell Cheney Cravats—famous for their style, their quality, their smart economy. Have you seen the newest designs for Fall?

**CHENEY BROTHERS  
NEW YORK**

Get the profitable  
habit of giving

The  
NATION'S BUSINESS

desk room in your  
office.

You'll find it pays to keep in intimate touch, these days of industrial peace time revolution, with the accurate information each issue supplies.





## Do You Think There is No Competition?

If anyone thinks there is no competition amongst the big packers he ought to go through a day's work with Swift & Company.

Let him begin at the pens when the live stock comes in; let him try to buy a nice bunch of fat steers quietly and at his own price, without somebody's bidding against him.

Let him realize the scrupulous care taken at the plant that not one thing is lost or wasted in order that costs may be held to a minimum.

Let him go up into the office where market reports are coming in,—and reports of what other concerns are doing.

Let him watch the director of the Swift Refrigerator fleet, maneuvering it over the face of the country like a fleet of battleships at sea.

Let him take a trip with a Swift & Company salesman and try to sell a few orders of meat.

Let him stay at a branch house for an hour or two and see the retail meat dealers drive their bargains to the last penny as they shop around among the packers' branch houses, the wholesale dealers, and the local packing plants.

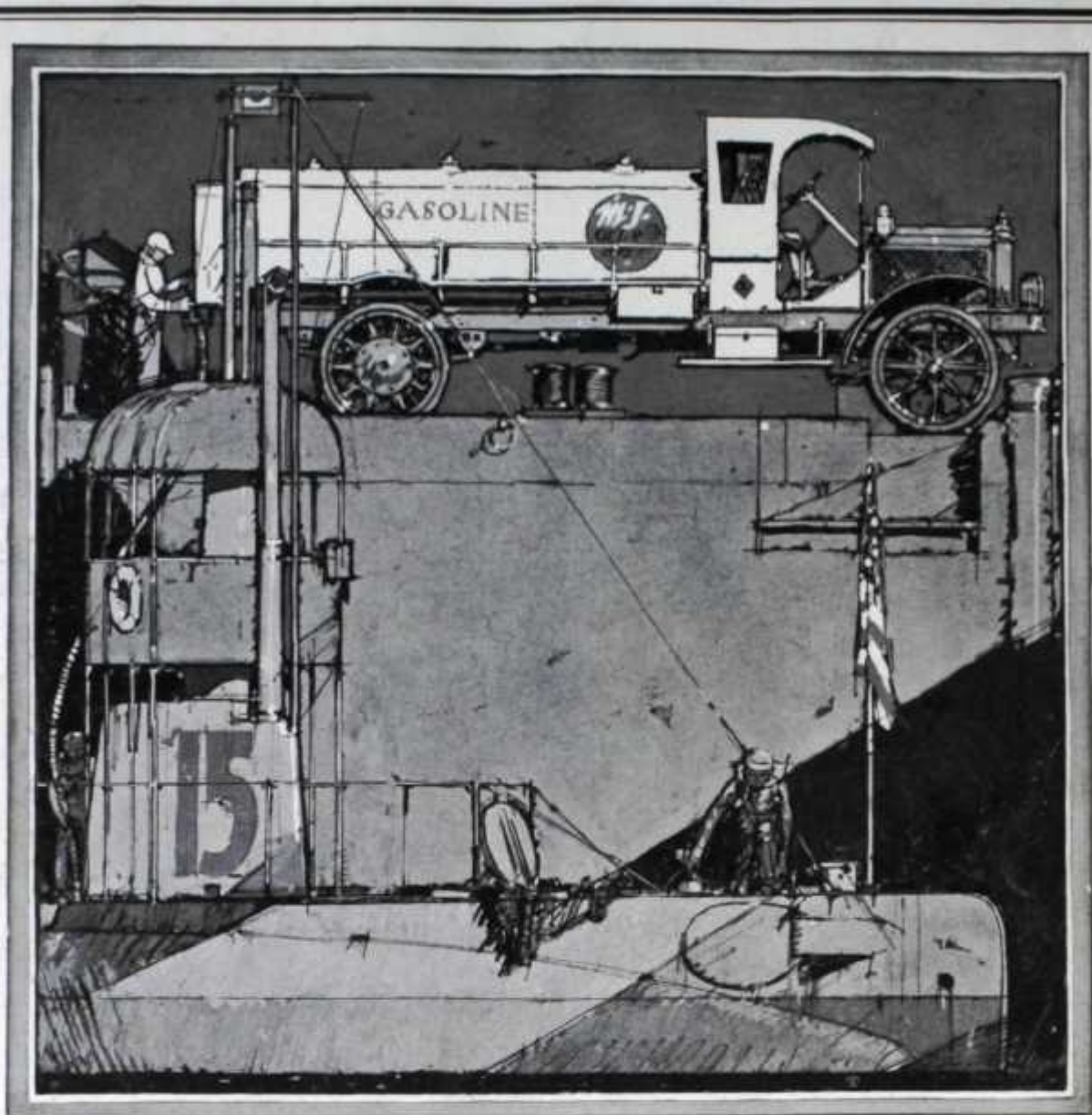
And then, when the day is over, let him have half an hour in the accounting department, where he can see for himself on what small profits the business is done. (Less than 4 cents on each dollar of sales.)

If he still thinks there is no competition in the meat business it will be because he wants to think so.

**Swift & Company, U. S. A.**







Heavy Duty White Trucks with Double Reduction Gear Drive

**E**ACH day makes it plainer  
that a good motor truck  
helps the country, its industries  
and its people.



THE WHITE COMPANY  
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Exact engineering applies the Long principle of construction in the manner best suited to give each engine the full advantage of highest cooling efficiency.

Long Cooling Systems are now made in more than 60 different designs adapted to every type of motor vehicle.

In selecting a Truck or Tractor equipped with a Long Cooling System you are getting the utmost assurance of continuous productive operation, uninterrupted by radiation trouble.

No engine can be more efficient than its Cooling System.

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*Pioneer makers of Cooling Systems for gasoline engines.*

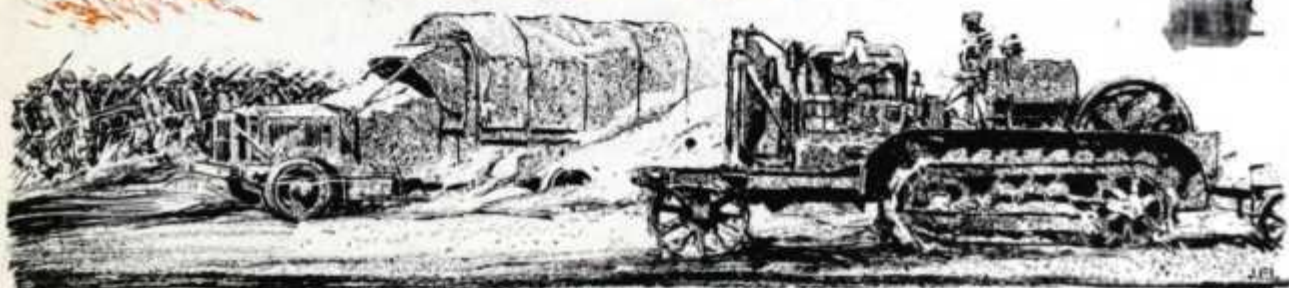
Long Spiral Tubing is the most efficient, durable and dependable for Motor Trucks and Tractors—annual capacity 30,000,000 feet.

# LONG

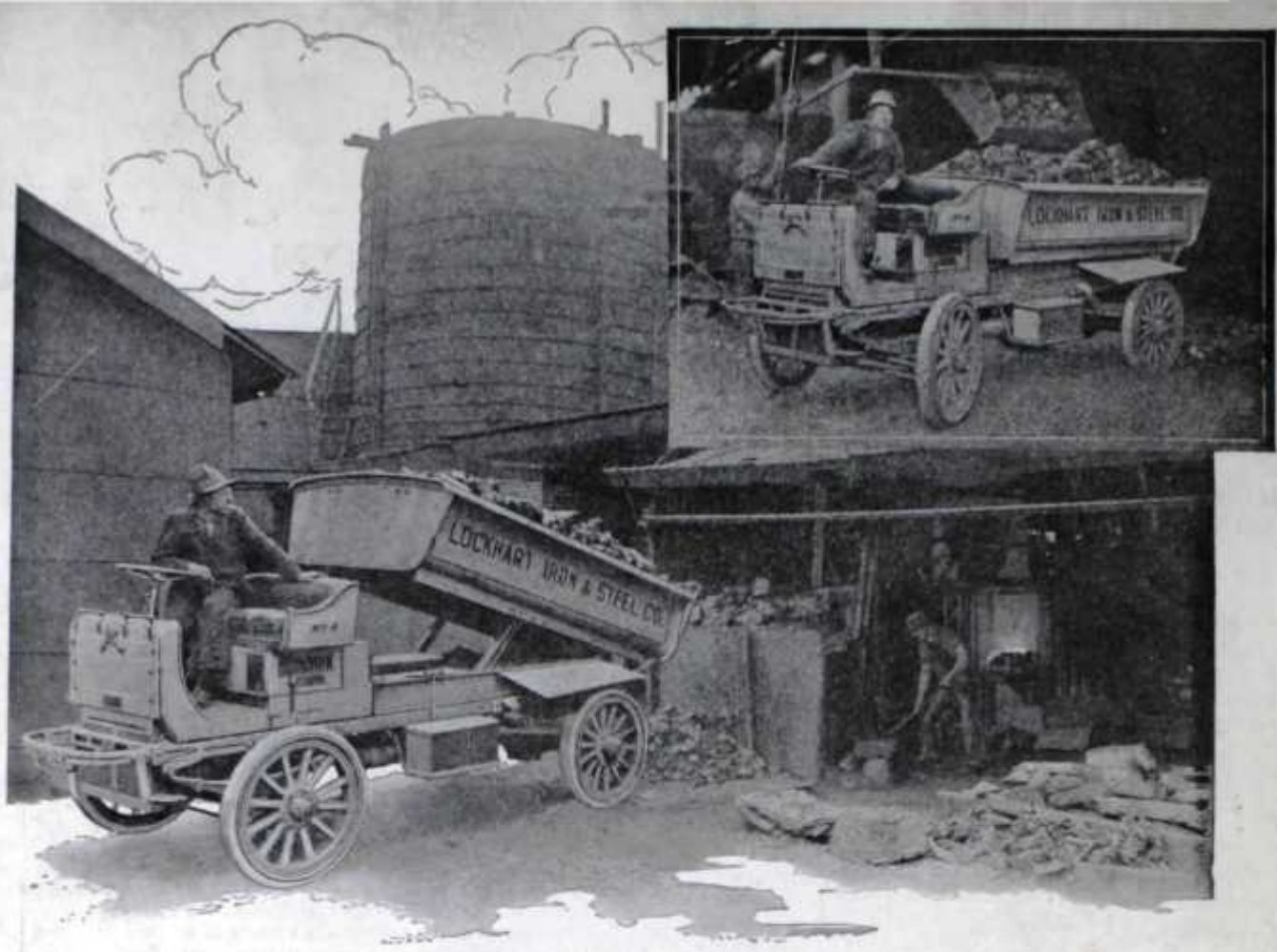
## COOLING SYSTEMS

*The recognized Standard for Motor Cars, Trucks and Tractors*

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## Displacing Horse-Drawn Dump Carts As Big Plant Equipment

Fifty tons of coal from hopper to twelve furnaces in one and a half hours is the way this Autocar starts each day for the Lockhart Iron and Steel Company of McKees Rock, just outside of Pittsburgh. The rest of the time it hauls brick, sand and fire clay.

Another Autocar hauls all the ashes from the 31 furnaces to the river bank.

These two motor trucks have displaced six horse-drawn carts with a material saving in cost and added effectiveness in work accomplished.

*Are you using space, time and man power to best advantage in meeting the transportation needs of your own plant?*

**The Autocar Company**  
Established 1897 ARDMORE, PA.

# Autocar